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Temporary Assistance for Needy Families (TANF) Funding Offset

DESCRIPTION:

Under the Temporary Assistance to Needy Families (TANF) Program, the states are required to meet a maintenance of effort (MOE) funding level. California's MOE level is approximately $2.9 billion, which is equal to 80 percent of California's Federal Fiscal Year (FFY) 1994 expenditures. The TANF Offset line shifts expenditures above the State's MOE level to the TANF Block Grant.

After the TANF Offset is applied, any remaining excess TANF Block Grant funds can either be carried forward to the next state fiscal year (SFY) or transferred to the Child Care Development Block Grant or Title XX. In SFY 1997-98, $809,810,000 is proposed for carry forward to SFY 1998-99.

IMPLEMENTATION DATE:

This premise implemented on October 1, 1996.

METHODOLOGY

The calculation of the TANF Offset to state and county expenditures is displayed in the "Cost Comparison of TANF Block Grant" Table, located within the Auxiliary Tables Section of the binder.

To determine the TANF Offset, projected state and county expenditures countable towards the MOE are compared to the State's MOE level. This determines the amount of expenditures that can be shifted to federal TANF funding.

The specific methodology used to determine the TANF Offset involves identifying those projected California Department of Social Services (CDSS) local assistance expenditures that are TANF eligible and calculating their costs by total, federal, state, county, and reimbursement funds. Projected federal TANF expenditures for CDSS state support are then added to the federal funds amount. Other State department or county expenditures for TANF eligibles which meet the MOE requirements are also added to the CDSS state and county TANF costs. This total is then compared to the State's MOE level. The amount of projected expenditures above the MOE level is shifted to federal TANF funds, which results in savings shared 95 percent state and five percent county. The TANF Offset does not change the total funding available.

Both the current year and Governor's Budget projections include projected State General Fund expenditures within other state departments that are assumed countable towards fulfilling the TANF MOE requirement. Separate premise descriptions for each of these items are provided in the "Estimate Methodologies" section of this binder.

FUNDING:

The TANF Offset shifts costs above the State's MOE level to 100 percent federal TANF funds. The corresponding savings are shared 95 percent state and five percent county. There is no change in the total funds available.

Temporary Assistance for Needy Families (TANF) Funding Offset

CHANGE FROM PRIOR SUBVENTION:

Countable MOE expenditures within CDSS have been updated to reflect several new premises, as well as adjustments for premises in which only a portion of the total expenditures are countable. In addition, countable expenditures within other State departments have been updated to reflect changes in their proposed budget levels or the portion of total cost countable towards the TANF MOE. For specific explanations of these changes please refer to the specific premise descriptions for each of these items.

REASON FOR YEAR-TO-YEAR CHANGE:

Projected state and county expenditures countable towards the MOE decrease in SFY 1998-99.

EXPENDITURES:

(in 000's)

	1997-98 Grant	1998-99 Grant
Total	$0	$0
Federal	320,853	292,281
State	-304,810	-277,667
County	-16,043	-14,614
Reimbursements	0	0

CalWORKs - Basic Grants

DESCRIPTION:

Basic costs are the costs of providing cash aid to eligible families. These costs do not include the impact of current premises.

Basic costs have been adjusted to reflect the annual cost-of-living-adjustment (COLA) for Social Security (OASDI) benefits and the minimum basic standard of adequate care (MBSAC).

The OASDI COLA increases the benefit level, reducing grant costs. Under the former Aid to Families with Dependent Children (AFDC) Program, the MBSAC was used to reduce income used against the aid payment. A MBSAC COLA resulted in more eligible persons and an increase in basic costs. Under CalWORKs, the MBSAC COLA no longer affects eligibility or benefit level.

KEY DATA/ASSUMPTIONS:

- The last six months of calendar year 1997 were used as the base period to project caseload, aided persons and the adjusted cost per person. This period was selected because it best represents the program trend in the months before CalWORKs implementation.
- For Fiscal Year (FY) 1997-98, we anticipate a total of 20,306,725 one-parent family personmonths and 6,119,640 two-parent personmonths. For FY 1998-99, we project 19,318,036 one-parent family personmonths and 5,186,624 two-parent personmonths.
- Actual data on costs and persons from the base period was adjusted for current premises whose effect was already included in the base period. This resulted in an adjusted one-parent cost-per-person of $185.01 and a two-parent cost-per-person of $145.30.
- Unadjusted one-parent and two-parent basic costs were adjusted for OASDI and MBSAC COLAs and for the effect of existing earnings. The amount of these adjustments was developed using information from the October 1996 AFDC Characteristics Survey.
- The OASDI COLA adjustment was based on the Consumer Price Index of 2.1 percent beginning January 1, 1998, and 2.6 percent beginning January 1, 1999. This resulted in a FY 1997-98 reduction of $1,227,731 for one-parent families, and $21,768 for two-parent families. For FY 1998-99, a reduction of $963,271 is projected for one-parent families, with $85,271 anticipated for two-parent families.
- The MBSAC COLA adjustment was based on the Consumer Necessities Index increase of 2.60 percent beginning July 1, 1997. This resulted in a FY 1997-98 increase of $5,427,054 for one-parent families, and $2,891,159 for two-parent families. For FY 1998-99, no adjustment is made.

METHODOLOGY:

- Basic personmonths were multiplied by the adjusted cost-per-person to produce unadjusted one-parent and two-parent basic costs.
- One-parent and two-parent unadjusted basic costs were reduced for the OASDI COLA and increased for the MBSAC COLA to obtain one-parent and two-parent basic costs.

CalWORKs – Basic Grants

DATA COMPARISON CHART:

1997-98	One-Parent	Two-Parent
Projected Personmonths	20,306,725	6,119,640
Projected Casemonths	7,471,321	1,480,922
Persons Per Case	2.7180	4.1323

1998-99	One-Parent	Two-Parent
Projected Personmonths	19,318,036	5,186,624
Projected Casemonths	6,966,272	1,230,541
Persons Per Case	2.7731	4.2149

	One-Parent Cost per Person	Two-Parent Cost per Person
CY 1997 Actual	$181.69	$138.32
CY 1997 Adjusted	$184.92	$145.21
1997-98 Basic	$185.13	$145.68
1998-99 Basic	$185.01	$145.30

FUNDING:

All costs are Temporary Assistance for Needy Families (TANF) eligible. Costs are shared 50 percent federal, 47.5 percent state and 2.5 percent county.

CHANGE FROM PRIOR SUBVENTION:

The basic caseload, cost-per-person, persons per case, and COLA percentages have been updated using the most current available data.

REASON FOR YEAR-TO-YEAR CHANGE:

Basic cases and persons decrease between FY 1997-98 and FY 1998-99.

CASELOAD:

	1997-98	1998-99
Average Monthly Caseload	746,021	683,067
Average Monthly Persons	2,202,197	2,042,054

EXPENDITURES:

(in 000's)

	1997-98 Grant	1998-99 Grant
Total	$4,650,855	$4,327,666
Federal	2,325,428	2,163,833
State	2,209,156	2,055,641
County	116,271	108,192
Reimbursements	0	0

Tribal TANF

DESCRIPTION:

The Santa Ynez Tribe of Santa Barbara County and eight tribal organizations located in San Diego County have opted to operate a tribal Temporary Assistance for Needy Families (TANF) program. The Department has established a memorandum of understanding (MOU) with the tribes in order to formalize the arrangement.

Welfare and Institutions Code (WIC) section 10553.2(d), authorized under AB 1542 (Chapter 270, Statutes of 1997) allows tribes to administer a tribal TANF program. The administrative authority to operate a TANF program is transferred to the tribe, together with the federal and state portion of the funds attributable to the tribal caseload.

Federal welfare reform legislation allows for such a transfer and provides that the TANF funding for the tribe is paid directly to the tribe by the federal government. Since TANF funding to the states is based on Federal Fiscal Year (FFY) 1994 actual expenditures, amounts to be transferred to tribal organizations are computed using this period. Transferred funds include monies to meet grant costs and administrative costs related to cash aid and welfare-to-work (WTW) services.

IMPLEMENTATION DATE:

This premise became effective March 1, 1998.

KEY DATA ASSUMPTIONS:

- The average monthly cash aid cost per person is $211.34. This is the average cash aid expenditure amount per person for FFY 1994.
- The average cash aid cases per month is 65 for the Santa Ynez Tribe and 400 for the eight San Diego tribes. This information was supplied by the tribes.
- The average number of persons per cash aid case is 2.9439. This is the average persons per cash aid case from the November 1997 Subvention.
- The average number of persons to be served through WTW activities was 45 for the Santa Ynez Tribe and 26 for the eight San Diego tribes. This information was supplied by the tribes.
- The average monthly administrative cost per case is $50.73.
- The average monthly WTW services cost per person is $206.36.

Tribal TANF

METHODOLOGY:

- The average monthly administrative cost per case was derived by dividing the total cash aid administrative expenditures for FFY 1994 (less foster care) by the caseload.

- The average WTW services cost was derived by dividing the Greater Avenues for Independence (GAIN) Program expenditures for FFY 1994 (less child care) by the number of active GAIN participants.
- For grant costs, the average number of persons per case was multiplied by the number of cases to determine total persons. The number of persons was multiplied by the cash aid cost per person to determine monthly costs.
- For administrative costs, the number of average cash aid cases per month was multiplied by the amount of monthly administrative cost per case to determine monthly costs.
- For WTW services cost, the number of average persons served per month was multiplied by the monthly services cost per person to determine monthly cost.

FUNDING:

These costs are TANF eligible.

There is no federal share because TANF funds will be distributed directly to the tribal organizations by the federal government.

For FY 1997-98, the county share is unfunded. For FY 1998-99, the county share is paid with General Fund and is included in the state share. This amount will be counted toward the State's maintenance of effort (MOE) requirement.

Grant costs were shared 47.5 percent state and 2.5 percent county.

Administrative and WTW services costs were shared based on the actual MOE levels for the counties in which the tribal organizations are located. For the Santa Ynez Tribe, this resulted in a share of 34.5 percent state and 15.5 percent county. For the eight San Diego tribes, the ratio was 37.7 percent state and 12.3 percent county.

The direct distribution of TANF funds to the tribal organizations reduces both the TANF block grant available to the State and the state MOE requirement. The state MOE has been reduced in the same proportion as the reduction in the block grant.

CHANGE FROM PRIOR SUBVENTION:

This is a new premise.

REASON FOR YEAR-TO-YEAR CHANGE:

FY 1997-98 reflects four months of implementation. FY 1998-99 shows a full year impact.

Tribal TANF

CASELOAD:

	1997-98	1998-99
Average Monthly Cash Aid Caseload	465*	465
Average Monthly WTW Caseload	71*	71

* Average monthly caseload from March 1, 1998.

EXPENDITURES:

(in 000's)

	1997-98			1998-99		
	Grant	County Admin.	WTW Services	Grant	County Admin.	WTW Services
Total	$550	$36	$21	$1,736	$142	$88
Federal*	0	0	0	0	0	0
State**	550	36	21	1,736	142	88
County	0	0	0	0	0	0
Reimbursements	0	0	0	0	0	0

* The federal share of the above costs was deducted from the TANF Block Grant to show the transfer of funds to the tribal organizations, a total of $655,000 of federal expenditures in FY 1997-98 and $1.965 million in FY 1998-99. This amount is not shown in the table except as an reduction in the amount of the total TANF block grant available to the State. The amounts were deducted from the basic cost amounts for the California Work Opportunity and Responsibility to Kids (CalWORKs) Program cash aid and CalWORKs WTW services.

** For FY 1998-99 the county share totaling $211,000 is paid with General Fund and is shown in the state share.

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California Work Opportunity and Responsibility to Kids (CalWORKs) Grant Structure

DESCRIPTION:

The CalWORKs Program (AB 1542, Chapter 270, Statutes of 1997) institutes a new grant structure to determine monthly benefit payments. This premise is the estimated fiscal impact of replacing the Aid to Families with Dependent Children (AFDC) Program grant structure with the CalWORKs grant structure.

AFDC Program: The AFDC grant computation method utilizes three variables: the maximum aid payment (MAP), minimum basic standard of adequate care (MBSAC), and the nonexempt income received by the assistance unit (AU).

When the monthly income report (CA-7) is submitted timely, the monthly aid payment is determined by utilizing the following steps:

1. The net nonexempt income is determined by application of the appropriate income disregards;
2. The net nonexempt income is deducted from the MBSAC. The resulting figure is called the potential grant;
3. The family receives the lesser of the MAP or the potential grant; and
4. The AU is subject to a penalty if the CA-7 is not submitted timely. The penalty is the loss of all income disregards. In most instances, this results in a lower monthly grant.

The CalWORKs grant computation: The CalWORKs grant computation differentiates among earned income, unearned income and disability income. Net nonexempt earned income is determined utilizing the following steps:

1. Disability income is subject to a $225 deduction. The remaining unused portion of this deduction (if any) is then applied to the gross earnings;
2. A deduction equal to 50 percent of the remaining earned income is applied to determine the net nonexempt earnings;
3. The unearned income, the disability income and the net nonexempt earned income are totaled to determine the net income;
4. The net income is deducted from MAP to determine the monthly grant; and
5. The penalty for late receipt of the monthly income report (CA-7) is eliminated.

IMPLEMENTATION DATE:

This premise implemented January 1, 1998.

California Work Opportunity and Responsibility to Kids (CalWORKs) Grant Structure

KEY DATA/ASSUMPTIONS:

The October 1996 AFDC Characteristics Survey provided the following data on the surveyed cases:

- AU size;
- Gross earned income;
- Disability income;
- Unearned income; and
- County of residence.

The following values developed for the May Revise of the Governor's 1998-99 budget were utilized as data for this premise:

- The basic one-parent and two-parent caseloads; and
- The MBSAC levels.

The MAP levels in effect prior to the 4.9 percent MAP reduction were utilized to determine the estimated value of this premise.

METHODOLOGY:

The surveyed cases were categorized as either residing in Region 1 or Region 2 based upon their counties of residence. The AFDC monthly aid payment was determined for surveyed cases utilizing AU size, gross earned income, unearned income, region, MAP and MBSAC. The monthly aid payment was then computed utilizing the CalWORKs grant calculation method. The difference between the two monthly aid payments is the estimated savings per case. For one-parent cases the savings was $48.14 and for two-parent cases the savings was $49.00. A ratio of cases with grant changes to the entire database was computed. The one-parent ratio was 18.79 percent and the two-parent ratio was 41.39 percent. These ratios were applied to the basic one-parent and two-parent caseloads to determine the estimated affected caseload. The estimated savings per case were multiplied by the affected one-parent and two-parent caseloads. The resulting value is the estimated savings produced by implementation of the grant structure.

Within the October 1996 survey, cases subject to the CA-7 penalty were identified. The cost of the elimination of the CA-7 penalty was determined by computing the AFDC monthly benefit payment with and without the penalty. The difference between the two monthly aid payments is the estimated cost per case. The one-parent cost per case was $203.83 and the two-parent cost per case was $334.71. A ratio of CA-7 penalty cases to the entire database was computed. The one-parent ratio was 0.87 percent and the two-parent ratio was 1.11 percent. These ratios were applied to the basic one-parent and two-parent caseloads to determine the estimated affected caseload. The estimated cost per case was multiplied by the affected caseload to determine the estimated cost.

California Work Opportunity and Responsibility to Kids (CalWORKs) Grant Structure

FUNDING:

This premise is Temporary Assistance for Needy Families eligible. The savings associated with this premise are shared 50 percent federal, 47.5 percent state and 2.5 percent county.

CHANGE FROM PRIOR SUBVENTION:

This premise has been updated to reflect the May Revise one-parent and two-parent basic caseload estimate.

REASON FOR YEAR-TO-YEAR CHANGE:

The current year estimated savings are for the six-month period of January 1998 through June 1998. The budget year estimate reflects 12 months of savings.

CASELOAD:

	1997-98	1998-99
Average Monthly Caseload	163,207	151,524

EXPENDITURES:

(in 000's)

Grant Structure Savings

	1997-98 Grant	1998-99 Grant
Total	-$47,394	-$87,970
Federal	-23,697	-43,985
State	-22,512	-41,786
County	-1,185	-2,199
Reimbursements	0	0

California Work Opportunity and Responsibility to Kids (CalWORKs) Grant Structure

Elimination of CA-7 Penalty

	1997-98 Grant	1998-99 Grant
Total	$9,106	$16,925
Federal	4,553	8,463
State	4,325	8,039
County	228	423
Reimbursements	0	0

CalWORKs Grant Structure (Grant Structure Savings combined with the cost of the Elimination of the CA-7 Penalty.)

	1997-98 Grant	1998-99 Grant
Total	-$38,288	-$71,045
Federal	-19,144	-35,522
State	-18,187	-33,747
County	-957	-1,776
Reimbursements	0	0

MAP Reduction of 4.9 Percent

DESCRIPTION:

AB 908 (Chapter 307, Statutes of 1995) provides for a 4.9 percent reduction in the maximum aid payment (MAP) levels in Regions 1 and 2. The aid payments increase as the number of members in the assistance unit (AU) increase. The MAP levels for nonexempt AUs are displayed in Table 1 on the right.

	Region 1 MAP		Region 2 MAP	
AU Size (Nonexempt)	Regional MAP	4.9% Reduction	Regional MAP	4.9% Reduction
1	293	279	279	266
2	479	456	456	434
3	594	565	565	538
4	707	673	673	641
5	806	767	767	730
6	905	861	861	819
7	994	946	946	900
8	1,083	1,030	1,030	980
9	1,170	1,113	1,113	1,059
10	1,257	1,196	1,196	1,138

Table No. 1

IMPLEMENTATION DATE:

This premise implemented January 1, 1997.

KEY DATA/ASSUMPTIONS:

The October 1996 Aid to Families With Dependent Children (AFDC) Characteristics Survey provided the database used to estimate the grant savings resulting from the MAP reduction. This survey provides detailed information on surveyed AFDC cases. Identified within the survey are:

- The net income for each surveyed AU;
- County of residence; and
- AU size.

From July through December of the current year the grant determination is based on the regulations governing the AFDC grant structure. Based upon the survey, it is expected that on average one-parent family AUs will receive a grant reduction of $22.35. On average, two-parent AUs will receive a grant reduction of $24.23 for that same time period. Income is deducted from the minimum basic standard of adequate care (MBSAC) not from MAP. Thus, a reduction in the MAP may not affect AUs with substantial income such as earnings, unemployment benefits, social security, etc.

The California Work Opportunity and Responsibility to Kids (CalWORKs) Program implemented January 1, 1998. The replacement of the AFDC grant structure with the CalWORKs grant structure increases the savings of the 4.9 percent MAP reduction. The CalWORKs grant structure stipulates that net income is deducted directly from MAP. The MBSAC is eliminated from the grant computation. The result is a greater average savings per case for the 4.9 percent MAP reduction. Based upon the survey, it is expected that on average one-parent family AUs will receive a grant reduction of $25.81. On average, two-parent family AUs will receive a grant reduction of $33.49.

METHODOLOGY:

Within the characteristics survey database, the following actions were taken:

- AUs were first identified by aid code and then by county of residence as living in either Region 1 or Region 2.

MAP Reduction of 4.9 Percent

- The MAP and MBSAC for each surveyed AU in the database were established based on the AU size and region of residence.
- Using the appropriate MBSAC and the net income, the grant for each AU was computed using the MAP prior to the reduction and the MAP with the 4.9 percent reduction.
- The average difference between the two grants was computed. This average difference between grants is the estimated savings per case.
- The estimated savings per average one-parent family and two-parent family cases were multiplied by the basic caseloads to determine the estimated savings for this premise.

FUNDING:

This premise is Temporary Assistance for Needy Families eligible. The premise savings are shared 50 percent federal, 47.5 percent state, and 2.5 percent county.

CHANGE FROM PRIOR SUBVENTION:

This premise was updated to reflect the May Revise of the Governor's Budget basic caseload estimates.

REASON FOR YEAR-TO-YEAR CHANGE:

The decline in savings in the budget year is the result of the estimated decline in caseload.

CASELOAD:

	1997-98	1998-99
Average Monthly Caseload	746,021	683,067

EXPENDITURES:

(in 000's)

	1997-98	1998-99
	Grant	Grant
Total	-$222,065	-$221,010
Federal	-111,033	-110,505
State	-105,481	-104,980
County	-5,551	-5,525
Reimbursements	0	0

Elimination of Child Care Disregard

DESCRIPTION:

Effect January 1, 1998, AB 1542, Chapter 270, Statutes of 1997, created the California Work Opportunity and Responsibility to Kids (CalWORKs) program, replacing the Aid to Families with Dependent Children (AFDC) program. The CalWORKs grant structure eliminated the AFDC grant computation. AFDC had a complex system of income disregards (i.e., income deductions) used to determine the dollar amount of a family's grant when that family had income from a non-AFDC source. Families with earned income were eligible for a disregard for the child care expenses they incurred in order to maintain employment. The CalWORKs program eliminated the disregard for child care, opting instead to pay the child care provider directly. This premise is the estimated fiscal impact of the elimination of this income disregard.

IMPLEMENTATION DATE:

This premise implemented January 1, 1998.

KEY DATA/ASSUMPTIONS:

The October 1996 AFDC Characteristics survey was utilized to determine the following data:

- The ratio of the one-parent family with a child care disregard is 2.89 percent. The ratio for the two- parent family caseload is 1.11 percent.
- The basic one-parent family and two-parent family caseloads developed for the May Revise of the Governor's Budget were used as the projected caseloads for the current and budget years.
- The elimination of the income disregard increases the net nonexempt income of the assistance unit (AU). In most instances, increased net nonexempt income reduces the monthly benefit payment creating program savings. The average per case savings in grants are $184.85 for one-parent family and $122.29 for two-parent family cases.

METHODOLOGY:

The one-parent family and two-parent family ratios of cases with the child care disregard were multiplied against the projected one-parent family and two-parent family basic caseloads to determine the one- parent family and two-parent family cases with a child care disregard. The projected savings are the product of the average savings per case and the projected cases with a child care disregard.

FUNDING:

This premise is Temporary Assistance for Needy Families eligible and shared at the rate of 50 percent federal share, 47.5 percent state share, and 2.5 percent county share.

CHANGE FROM PRIOR SUBVENTION:

This premise has been updated to reflect the May Revise one parent family and two parent family basic caseload estimates.

Elimination of Child Care Disregard

REASON FOR YEAR-TO-YEAR CHANGE:

The current year estimated savings are for the six-month period of January 1998 through June 1998. The budget year estimate reflects twelve months of savings.

CASELOAD:

	1997-98	1998-99
Average Monthly Caseload	18,869	17,915

EXPENDITURES:

(in 000's)

	1997-98	1998-99
	Grant	Grant
Total	-$20,433	-$38,885
Federal	-10,217	-19,443
State	-9,706	-18,470
County	-510	-972
Reimbursements	0	0

Recovery of Overpayments (SB 627)

DESCRIPTION:

The enactment of SB 627 (Chapter 63, Statutes of 1993) allowed the California Department of Social Services to provide reimbursement of certain administrative expenditures to counties that increase Aid to Families with Dependent Children (AFDC) Program overpayment collections. In order for each county to be eligible for at least a partial buy-out of its share of costs, the additional administrative State General Fund (GF) cost of collection activities must be offset by increased GF collections. Displayed recoveries are estimated recoveries in excess of 1992-93 actual recoveries.

IMPLEMENTATION DATE:

This premise was implemented in July 1994.

KEY DATA/ASSUMPTIONS:

- Collections are expected to remain at the 1996-97 level in both 1997-98 and in 1998-99 at $75.9 million.
- The 1994-95 actual collections of $69.8 million is used as the base in measuring incremental collections.

METHODOLOGY:

The collection estimates for both 1997-98 and 1998-99 are assumed to remain at the 1996-97 level.

FUNDING:

Grant savings were shared 49.8 percent federal, 47.7 percent state, 2.5 percent county. The State will offset the county share of administrative costs up to the total GF grant savings for additional collection activities.

CHANGE FROM PRIOR SUBVENTION:

The prior subvention reflected the reimbursements to the counties as income instead of a reimbursement of administrative costs. As a result of the maintenance of effort (MOE) provisions of AB 1542, county reimbursements earned in 1996-97 are adjusted against the county MOE levels. Future reimbursements will not occur as a result of the MOE provisions.

REASON FOR YEAR-TO-YEAR CHANGE:

There is no change.

Recovery of Overpayments (SB 627)

EXPENDITURES:

(in 000's)

	1997-98		1998-99	
	Grant	County Admin.	Grant	County Admin.
Total	-$26,688	$0	-$26,688	$0
Federal	-13,292	0	-13,292	0
State	-12,729	0	-12,729	0
County	-667	0	-667	0
Reimbursements	0	0	0	0

Automated Fingerprint Image Reporting and Match (AFIRM)

DESCRIPTION:

AFIRM is the automated fingerprinting system developed for use in the Los Angeles County General Relief (GR) Program. As a result of the success of GR AFIRM, Los Angeles County expanded AFIRM to its Aid to Families with Dependent Children (AFDC) Program caseload. The AFDC program has now been replaced with the California Work Opportunity and Responsibility to Kids (CalWORKs) Program. Los Angeles County began fingerprinting new applicants in April 1994. The primary objective of AFIRM is to eliminate duplicate aid. Aided adults refusing to be fingerprinted are removed from the assistance unit. Sanctioned cases, and cases without an aided adult who refuse fingerprinting are scheduled for an eligibility interview. This interview serves as a screening process for investigation of fraud. Failure to attend the scheduled eligibility interview could result in discontinuance of the entire case.

Administration of Children and Families approved an extension of the AFIRM project through March 1999. The electronic data system contract was extended through December 31, 1998, or until the Statewide Fingerprint Imaging System (SFIS) is implemented in Los Angeles. The AFIRM system was expanded to include Los Angeles County's Food Stamp Program in July 1996. Food Stamp AFIRM will also continue until SFIS is implemented in Los Angeles County.

IMPLEMENTATION DATE:

In April 1994, the Los Angeles County AFIRM project was expanded to the AFDC Program. Effective July 1996, AFIRM was expanded to the Food Stamp Program.

KEY DATA/ASSUMPTIONS:

- Grant savings are based on the CalWORKs average cost per person of $169.05.
- A 48-month case life is assumed for CalWORKs claims.
- The experimental group results showed that 6.57 percent of the caseload refused to be fingerprinted.
- Of the 6.57 percent who did not comply with the fingerprinting requirement, 34.25 percent terminated aid for reasons other than AFRIM.
- Administrative costs for the project include the costs of the contracts, project staff, and fingerprint clerk activities.
- New applicants are fingerprinted at intake.
- The monthly recidivism rate is based on Los Angeles County's reporting of the number of cases from the experimental group who returned to aid after refusing to be fingerprinted.
- Of the original 914, 599 experimental cases remained off aid, resulting in a continuing caseload recidivism rate of 65.5 percent.

Automated Fingerprint Image Reporting and Match (AFIRM) System

METHODOLOGY:

The savings for 1997-98 are derived from the April 1994 caseload and the new applicant monthly caseload since that date. The continuing caseload recidivism rate is applied to the April 1994 caseload and monthly applicants and then the average monthly cost per person is applied to the remaining persons. The percent of persons refusing to be fingerprinted is applied to the new applicant caseload on a monthly basis. The percent of people attriting for reasons other than AFIRM is then applied to the number of persons refusing to be fingerprinted. The remaining number of persons is assumed to have terminated aid due to AFIRM. The monthly recidivism percentage is then applied to the new applicant caseload determined to have terminated aid due to AFIRM. The number of persons remaining off aid is then multiplied by the average person cost per case. The savings for both the continuing caseload and the new applicant caseload are added together. The yearly savings amount represents the total savings realized over the twelve months of the fiscal year. The original caseload from April 1994 is assumed to terminate aid by during March 1998.

Administrative costs were provided by Los Angeles County and are adjusted annually by the cost of doing business.

FUNDING:

Grant savings are shared 49.8 percent federal, 47.7 percent state, and 2.5 percent county. The State pays for the county share of administrative costs for CalWORKs AFIRM. However, for Food Stamp AFIRM the administrative cost is shared 50 percent federal and 50 percent county.

CHANGE FROM PRIOR SUBVENTION:

The SFIS program will not be implemented as assumed in the November 1997 Subvention. The AFRIM costs for 1998-99 are full-year costs. The estimate assumes a 48-month average life for a CalWORKs claim. The estimate also factors in the effect of new applicants applying for aid. The estimate was updated to reflect the current average cost per person receiving aid.

REASON FOR YEAR-TO-YEAR CHANGE:

The year-to-year change in the TANF portion of this premise is due to the effect of new applicants applying for aid.

CASELOAD:

	1997-98	1998-99
Average Monthly Caseload	17,198	18,290

Automated Fingerprint Image Reporting and Match (AFIRM) System

EXPENDITURES:

(in 000's)

ITEM 101 – TANF

	1997-98		1998-99	
	Grant	County Admin.	Grant	County Admin.
Total	-$34,888	$5,602	-$37,103	$5,602
Federal	-17,374	2,801	-18,477	2,801
State	-16,642	2,801	-17,698	2,801
County	-872	0	-928	0
Reimbursements	0	0	0	0

ITEM 141 –
FOOD STAMPS

	1997-98	1998-99
	County Admin.	County Admin.
Total	$3,246	$3,246
Federal	1,623	1,623
State	0	0
County	1,623	1,623
Reimbursements	0	0

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Statewide Fingerprint Imaging System (SFIS)

DESCRIPTION:

In April 1994, Los Angeles County and the California Department of Social Services (CDSS) began using the Automated Fingerprint Image and Reporting Match (AFIRM) in the Aid to Families with Dependent Children (AFDC) Program, now known as the Temporary Assistance for Needy Families (TANF) Program. The system was implemented in all Los Angeles County district offices by August 1994. This system requires applicants for, and recipients of, TANF funds to be fingerprint imaged as a condition of eligibility. SB 1780 (Chapter 206, Statutes of 1996) required applicants for, and recipients of, TANF and Non-Assistance Food Stamp (NAFS) Program benefits, to be fingerprint imaged as a condition of eligibility and it also expanded the system statewide.

In July 1995, the Health and Welfare Agency directed the transfer of major information technology projects from the CDSS to the Health and Welfare Agency Data Center (HWDC). HWDC prepared and released a request for proposal (RFP) to implement, maintain, and operate a statewide fingerprint imaging system (SFIS). HWDC administers the projects under an interagency agreement with CDSS.

In March 1998, as a result of a lawsuit the Department was instructed to release a new RFP for this project.

IMPLEMENTATION DATE:

There has been a change in implementation due to a legal requirement to release a new RFP for this project. The phase-in is estimated to begin in October 1999.

KEY DATA/ASSUMPTIONS:

- Due to the legal requirement to rebid this project no grant savings or administrative costs are assumed for Fiscal Years 1997-98 and 1998-99.
- Design and development will take seven months, and implementation will occur in three phases over a five-month period.
- All existing TANF recipients will be fingerprint imaged within six months of implementation in the county, and NAFS caseloads will be fingerprint imaged within one year of implementation in the county. Estimated completion for TANF and NAFS existing caseload is February 2001.
- Costs are comprised of state and contract staff to release a request for proposal, then evaluate and award a contract to begin implementation of a statewide system, site preparation, network cost, processing and limited vendor payments. The costs were based on the negotiated contract from the previous SFIS procurement.

FUNDING:

HWDC costs were shared 50 percent federal funds and 50 percent General Funds. The county does not have a share of these costs.

CHANGE FROM PRIOR SUBVENTION:

The implementation date was moved back due to a court ruling that the Department must release a new RFP.

Statewide Fingerprint Imaging System (SFIS)

REASON FOR YEAR-TO-YEAR CHANGE:

The grant and administrative savings change due to an implementation date change. The automation costs change as the project moves from planning and development to the implementation phase.

CASELOAD:

	1997-98	1998-99
Average Monthly Caseload	0	0

EXPENDITURES:

(in 000's)	1997-98		1998-99	
TANF (Item 101)	Grant	County Admin.	Grant	County Admin.
Total	$0	$0	$0	$0
Federal	0	0	0	0
State	0	0	0	0
County	0	0	0	0
Reimbursements	0	0	0	0

Food Stamp Administration (Item 141)	1997-98	1998-99
	County Admin.	County Admin.
Total	$0	$0
Federal	0	0
State	0	0
County	0	0
Reimbursements	0	0

Statewide Fingerprint Imaging System (SFIS)

Automation Projects (Item 141)	1997-98	1998-99
	County Admin.	County Admin.
Total	$593	$1,088
Federal	288	539
State	305	549
County	0	0
Reimbursements	0	0

HWDC Partnership (Item 141)	1997-98	1998-99
	County Admin.	County Admin.
Total	$593	$1,088
CDSS	0	0
HWDC	593	1,088

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Welfare Program Integrity Initiative

DESCRIPTION:

In October 1993, the California Department of Social Services (CDSS) convened a task force consisting of county welfare directors and their management staff, fraud investigators and representatives from the State. The purpose of the task force was to develop recommendations to improve the integrity of California's welfare system. As a result, the task force developed a strategic plan to improve program integrity. Included in this premise are the following components:

- New Employed Hire File (NEHF)
- Investigations
- Meds Match
- California Youth Authority (CYA) Match

NEHF

Section 11478.51 of the Welfare & Institutions Code was amended to allow CDSS access to the NEHF maintained by the Employment Development Department (EDD). Previously, CDSS performed computer matches comparing recipients' reported incomes with those reported to EDD at the end of each quarter. This process limits the timeliness of the wage match because data are between six to nine months old at the time of access by CDSS. Using the NEHF increased the timeliness of the data and will result in identifying unreported income sooner and preventing overpayments from occurring.

Investigations

The investigative unit of the Department's Fraud Bureau, as part of their functions, has become directly involved in overpayment identification and collection. This activity was necessary because some counties have been unable to perform all fraud activities. Additionally, other cases involve multiple counties or are referred via a state fraud hotline.

Meds Match

A match of the tax year 1996 intercept file containing records of closed Aid to Families with Dependent Children (AFDC) Program and food stamp cases with outstanding overpayments was run against the current recipient file. More than 5,000 cases with outstanding overpayments were receiving aid again. Data from this exercise were used to estimate the savings associated with this component.

California Youth Authority (CYA) Match

A 1994 test match revealed that significant savings would result from matching the CYA population against social security numbers of AFDC clients. CYA inmates are not eligible for AFDC benefits. More than three percent of total CYA inmates matched social security numbers, name and/or date of birth of AFDC clients. More than 95 percent of those matches were ineligible cases.

Welfare Program Integrity Initiative

IMPLEMENTATION DATE:

- NEHF - This section of the premise implemented on September 1, 1996.
- State Investigative Unit - This section of the premise implemented on July 1, 1994.
- Meds Match - This section of the premise implemented on July 1, 1993.
- CYA Match - This section of the premise implemented on September 1, 1996.

KEY DATA/ASSUMPTIONS:

NEHF

- The NEHF match is a process which captures the same information as the Quarterly Wage match. The New Hire Information is received with a two-month lag. The Quarterly Wage match is received with a six-month lag.
- The average overpayment established for the Quarterly Wage match is $687 per case. The average overpayment established for the New Hire is $229 per case. Collections are 46 percent of established overpayments for both processes.
- No administrative savings are assumed for this premise as the New Hire process offsets the Quarterly Wage match process.

Investigations

- Two investigators working full-time in budget year will complete 33 cases a month.
- Grant savings occur for discontinued cases. Average grant for Fiscal Year (FY) 1997-98 is $499.39, and $505.82 for SFY 1998-99. Grant savings occur for a 10-month period after discontinuance.
- The eligibility worker (EW) cost per case is $42.14 for current year, and $43.12 for budget year. The EW time spent per case is one hour.

Meds Match

- Twenty percent of the cases with overpayments sustain collections because many are already being intercepted through other matches, or the county establishing the overpayment is unable to locate the recipient to collect because the recipient has moved to another county.
- The average overpayment amount is $1,000.
- The average grant amount is $499.39 for current year, and $505.82 for budget year.
- It is assumed that the grant will be reduced by ten percent each month for an average of ten months (average half-life of an AFDC case). The EW time spent per case is one hour.

CYA Match

- Four percent of the CYA population matched with the social security numbers and/or names of AFDC recipients.
- Three months of savings were assumed because these individuals are normally recognized under other matches, or are only in CYA for a period that does not exceed three months.

Welfare Program Integrity Initiative

METHODOLOGY:

NEHF - Grant savings are determined by comparing the collections from the Quarterly Wage match to the New Hire match. Savings are achieved by reducing the amount of time it takes to collect overpayments and reducing the amount of overpayments established when comparing collections of the same caseload.

Investigations - Grant savings are the product of the discontinued cases multiplied by the average grant amount. Administrative savings are the product of the discontinued cases and the EW cost per hour.

Meds Match - Grant savings are the product of the average grant amount, the 10 percent allowable offset, and the number of months that the overpayment is collectible. Administrative costs are the product of the number of cases, the time spent per case and the EW cost per hour.

CYA Match - Grant savings are the product of the total inmates multiplied by the match rate percentage and the monthly cost of one person out of the assistance unit for three months. Administrative costs associated with this match are minimal, and, therefore, not included.

FUNDING:

Grant savings were shared 49.8 percent federal, 47.7 percent state, and 2.5 percent county. Administrative sharing is shared 50 percent federal, 35 percent state, and 15 percent county.

CHANGE FROM PRIOR SUBVENTION:

The New Hire File Registry premise has been changed to compare it to the Quarterly Wage match process and determines savings based on the comparison to the existing Quarterly Wage match process. Investigations has been updated to reflect lower caseload production for FY 1997-98.

REASON FOR YEAR-TO-YEAR CHANGE:

Increase in grant savings and caseload in 1998-99 is due to increased savings and caseload production in Investigations.

CASELOAD:

	1997-98	1998-99
Average Monthly Caseload	4,203	4,401
Average Monthly Persons (CYA only)	42	42

Welfare Program Integrity Initiative

EXPENDITURES:

(in 000's)

ITEM 101 TANF

	1997-98		1998-99	
	Grant	County Admin.	Grant	County Admin.
Total	-$13,039	$212	-$14,240	$114
Federal	-6,493	106	-7,091	57
State	-6,220	106	-6,793	57
County	-326	0	-356	0
Reimbursements	0	0	0	0

ITEM 141
FOOD STAMP
ADMINISTRATION

	1997-98	1998-99
	County Admin.	County Admin.
Total	$0	$0
Federal	0	0
State	0	0
County	0	0
Reimbursements	0	0

Jail Reporting System (SB 1556)

DESCRIPTION:

This premise results in the reduction of public benefits/payments to individuals who are no longer eligible due to being incarcerated over 30 days.

SB 1556 (Chapter 205, Statutes of 1996) requires the reporting of incarcerated individuals to federal, state and local agencies that administer public benefits for which incarceration affects eligibility. The California Department of Social Services is required to provide a payment of $10 per unduplicated name for individuals incarcerated over 30 days, to the local agency that provides the name. In addition, program savings need to be reviewed on an annual basis to determine if the reimbursement should remain at the $10 level or reduced based on the savings.

IMPLEMENTATION DATE:

SB 1556 was signed into law July 20, 1996. It implemented July 1, 1997.

KEY DATA/ASSUMPTIONS:

- Only those individuals incarcerated 30 or more days are considered. The average period of incarceration is 68 days, based on actual data as reported by Fresno County.
- Based on actual names reported and matched through February 1998, 3.1 percent are Temporary Assistance for Needy Families (TANF) Program cases and 5.42 percent are food stamp cases. (This estimate does not calculate the general relief or Medi-Cal only recipient savings.)
- Fifty percent of the matches are assumed to result in savings.
- The counties are paid $7.72 per each unduplicated name provided for 1997-98, and $1.84 per name for 1998-99. This does not include known aliases.
- The statewide estimated number of names reported in State Fiscal Year (SFY) 1997-98 is 99,787, and 300,000 for 1998-99.
- The monthly grant amount for the difference between a combined one-parent/two-parent assistance unit of three and four is $108 for TANF, and $70.07 for food stamps.
- The administrative cost per hour is $42.14 for TANF in 1997-98, and $43.12 per hour in 1998-99. For the Non-Assistance Food Stamps (NAFS) Program the cost per hour for 1997-98 is $24.24, and $24.80 for 1998-99. One hour is necessary to process each case.

METHODOLOGY:

Grant savings are determined by multiplying the total number of cases by the percentage of TANF and NAFS cases, times the savings per case, times two months. Administrative costs are equal to the administrative cost per hour times the number of hours necessary to process the case multiplied by the number of cases.

Jail Reporting System (SB 1556)

Payment for Names Reported

The per name payment level to the counties is based on a break-even level of $7.72 in 1997-98 and $1.84 in 1998-99 which includes savings from all programs less administrative and operational costs. The total cost of names of $770,000 in 1997-98 and $553,000 in 1998-99 is prorated between benefiting programs based on the estimated percentage of individuals that will lose eligibility (TANF – 36 percent, and food stamps – 64 percent).

FUNDING:

TANF grant savings are shared using a split of 49.8 percent federal, 47.7 state, and 2.5 percent county. Administrative costs for both TANF and food stamps are shared 50 percent federal, 35 percent state, and 15 percent county. The grant savings for TANF are shown in Item 101 in the tables. The costs to both TANF and Food Stamps are shown in Item 141 of the tables. The payment for the names is 100 percent General Fund.

CHANGE FROM PRIOR SUBVENTION:

This premise has been updated with more recent actuals. Grant savings are smaller than anticipated in SFY 1997-98 because the Jail Reporting System Premise was not fully implemented.

REASON FOR YEAR-TO-YEAR CHANGE:

Costs are lower due to the change in payment for names reported from $7.72 in 1997-98 to $1.84 in SFY 1998-99.

CASELOAD:

	1997-98	1998-99
Average Monthly Persons	354	1,064

EXPENDITURES:

(in 000's)

TANF
(Item 101)

	1997-98		1998-99	
	Grant	County Admin.	Grant	County Admin.
Total	-$14	$345	-$1,003	$401
Federal	-7	33	-499	100
State	-7	303	-479	271
County	0	9	-25	30
Reimbursements	0	0	0	0

Jail Reporting System (SB 1556)

Food Stamp Administration (Item 141)	1997-98	1998-99
	County Admin.	County Admin.
Total	$556	$554
Federal	33	101
State	513	423
County	10	30
Reimbursements	0	0

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Fraud Overpayment Adjustment

DESCRIPTION:

AB 1542 (Chapter 270, Statutes of 1997) states that current and future grants payable to an assistance unit may be reduced because of prior overpayments. In cases where the overpayment was caused by agency error, grant payments shall be reduced by five percent of the maximum aid payment of the assistance unit. Grant payments to be adjusted because of any other reason shall be reduced by ten percent of the maximum aid payment.

This premise reflects the impact of the ten-percent grant overpayment adjustment limit imposed by AB 1542.

IMPLEMENTATION DATE:

This premise was implemented on January 1, 1998.

KEY DATA/ASSUMPTIONS:

- According to the Fraud Bureau, 60 percent of the errors committed are administrative errors and 40 percent are client errors.
- Based on information from Fraud Bureau the average collection on overpayments is $53.00 a month.
- The maximum aid payment (MAP) for one-parent families is $532. The MAP for two-parent families is $742.
- A limit on amount of collections tied to the MAP as directed by AB 1542 would not impact Fiscal Year (FY) 1997-98 or FY 1997-98.

METHODOLOGY:

The average overpayment collection is $53.00 a month. AB 1542 would limit collections of overpayments to 10 percent of the MAP for client errors. Since the average collection per month is $53.00 and the client error rate would be limited to $53.20, there will be no significant impact on collections.

CHANGE FROM PRIOR SUBVENTION:

The prior subvention assumed a one-month lag in collections due to AB 1542. This subvention assumes no lag time for collections as the change in law has not reduced the amount that can be collected below current amount collected.

REASON FOR YEAR-TO-YEAR CHANGE:

There is no change.

Fraud Overpayment Adjustment

EXPENDITURES:

(in 000's)

	1997-98 Grant	1998-99 Grant
Total	$0	$0
Federal	0	0
State	0	0
County	0	0
Reimbursements	0	0

Drug Felon Match

DESCRIPTION:

This premise reflects the grant savings and administrative costs associated with denying aid to identified drug felons. AB 1260 (Chapter 284, Statutes of 1997) requires that a person convicted of a felony related to the possession, use, or distribution of a controlled substance is ineligible for aid under the Temporary Assistance for Needy Families (TANF) Program. A county is required to issue vouchers or vendor payments to an eligible family under the TANF Program if the family includes a member who is ineligible due to a conviction of this nature. This applies to individuals who have been convicted in state or federal court after December 31, 1997.

IMPLEMENTATION DATE:

The original implementation date was January 1, 1998. However, available data from the Fraud Program Bureau indicate that counties will not implement until October 1, 1998.

KEY DATA/ASSUMPTIONS:

- The estimate assumes that the first savings will not be realized until December of 1998.
- Based on data received from Department of Justice, 4,917 drug felons are convicted monthly.
- Drug felons comprise .02 percent of the average monthly California population of 32.4 million people.
- The estimate assumes that convicted drug felons represent .02 percent of the average monthly California adult population on aid.
- The average monthly cost per person on aid is $169.05.
- The administrative cost per case is $43.12 per hour for Fiscal Year 1998-99.
- The administrative time spent per case is assumed to be one hour.
- The voucher cost per case is $5 based on the San Diego County voucher cost per case.
- The estimate assumes an average of four vouchers per case per month.

METHODOLOGY:

The grant savings are first calculated by dividing the average monthly number of convicted drug felons by the monthly average California population. The resulting percentage is then applied to the average number of adult persons on aid. The estimated number of drug felons on aid is then multiplied by the average cost per person on aid, times the seven months remaining in 1998-99. The administrative cost is the annual number of cases multiplied by the administrative cost per hour, and by the time spent per case. The voucher administrative cost is the annual number of cases multiplied by the voucher cost per case, and then by the average number of vouchers per case per month.

Drug Felon Match

FUNDING:

The grant savings are funded 49.8 percent federal, 47.7 percent state, and 2.5 percent county. The administrative costs are funded 50 percent federal, 35 percent state, and 15 percent county.

CHANGE FROM PRIOR SUBVENTION:

The premise was updated to reflect a new effective date for the Drug Felon Match Premise, an updated average cost per person on aid amount, and a revised caseload.

REASON FOR YEAR-TO-YEAR CHANGE:

This premise is not in effect during 1997-98.

CASELOAD:

	1997-98	1998-99
Average Monthly Caseload	0	-285

EXPENDITURES:

(in 000's)

	1997-98		1998-99	
	Grant	County Admin.	Grant	County Admin.
Total	$0	$0	-$578	$311
Federal	0	0	-288	155
State	0	0	-276	109
County	0	0	-14	47
Reimbursements	0	0	0	0

Fleeing Felon Match

DESCRIPTION:

This premise reflects the grant savings and administrative costs associated with denying aid to identified fleeing felons. As required in AB 1542 (Chapter 270, Statutes of 1997), an individual is not eligible for aid if that person is either (1) fleeing to avoid prosecution, or custody and confinement after conviction for a crime or an attempt to commit a crime that is a felony under the laws of the place from which the individual is fleeing; or (2) violating a condition of probation or parole imposed under federal law or the law of any state.

IMPLEMENTATION DATE:

The law becomes effective January 1, 1998. However, counties will not be ready to implement until July 1, 1998.

KEY DATA/ASSUMPTIONS:

- Based on data received from the Department of Justice (DOJ), there are currently 206,000 fleeing felon warrants per quarter.
- Based on data received from DOJ, it is assumed that there will be 164,800 fleeing felon warrants per quarter following the quarter in which the Fleeing Felon Match premise is implemented.
- Based on data received from the Fraud Program Bureau, 11,000 of the fleeing felon warrants are currently receiving aid.
- The estimate assumes that there will be 8,800 fleeing felons receiving aid per quarter after the first quarter of implementation.
- Based on Los Angeles County data obtained from DOJ, approximately 9.52 percent of the cases recognized are actually worked for Fiscal Year (FY) 1997-98. For FY 1998-99 that percentage increases to 50 percent as the counties are expected to increase their detections of these individuals once this activity becomes a mandate.
- Of those cases worked, approximately 45.02 percent result in discontinuances.
- Based on the ratio of Temporary Assistance for Needy Families (TANF) Program cases in the Jail Reporting System premise, 36.36 percent of the cases are TANF cases.
- The administrative cost per case is $42.14 for FY 1997-98 and $43.12 for FY 1998-99.
- One hour of administrative time is needed per case. This is consistent with the administrative time spent in the Jail Reporting System premise.

METHODOLOGY:

To arrive at the grant savings amount, the total number of fleeing felons is multiplied by the percentage of cases worked, times the number of cases actually discontinued. The resulting number of cases resulting in ineligibility is divided by three to arrive at a monthly number. The monthly number of cases resulting in eligibility is multiplied by the percentage that are TANF cases. The estimate reflects the estimated savings over the 12 months of the fiscal year.

The administrative cost is the cost per hour times the annual number of cases.

Fleeing Felon Match

FUNDING:

The grant savings are funded 50 percent federal, 47.5 percent state, and 2.5 percent county. The administrative costs are funded 50 percent federal, 35 percent state, and 15 percent county.

CHANGE FROM PRIOR SUBVENTION:

This premise was updated to reflect current data from DOJ, current average cost per person on aid, and an updated caseload.

REASON FOR YEAR-TO-YEAR CHANGE:

The counties will not implement this match until 1998-99.

CASELOAD:

	1997-98	1998-99
Average Monthly Caseload	0	-1676

EXPENDITURES:

(in 000's)

	1997-98		1998-99	
	Grant	County Admin.	Grant	County Admin.
Total	$0	$0	-$3,399	$806
Federal	0	0	-1,693	403
State	0	0	-1,621	282
County	0	0	-85	121
Reimbursements	0	0	0	0

Fraud Incentives

DESCRIPTION:

As required in AB 1542 (Chapter 270, Statutes of 1997), section 11486 of the Welfare and Institutions Code, each county shall receive 25 percent of the actual state share of savings, including federal funds under the Temporary Assistance for Needy Families (TANF) block grant, resulting from the detection of fraud. These savings have been defined as the amounts collected on client-caused (non-administrative error) overpayments.

IMPLEMENTATION DATE:

This premise was implemented on July 1, 1997.

KEY DATA/ASSUMPTIONS:

- Based on collection data received from the Fraud Bureau, client-caused overpayments represent 70 percent of all collections.
- The total collections for 1997-98 and 1998-99 are $77 million.
- County incentives paid with TANF monies will be expended within the program..

METHODOLOGY:

The amount of the county incentive payment is the product of the total collections and the percentage of client errors multiplied by the state share of collections (97.5 percent) and then multiplied by the share dedicated to the county incentive (25 percent).

FUNDING:

The cost is 50 percent TANF funding and 50 percent State General Fund.

CHANGE FROM PRIOR SUBVENTION:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

There is no change.

Fraud Incentives

EXPENDITURES:

(in 000's)

	1997-98 Grant	1998-99 Grant
Total	$13,138	$13,138
Federal	6,569	6,569
State	6,569	6,569
County	0	0
Reimbursements	0	0

CWPDP MAP Reduction Exemptions

DESCRIPTION:

This premise shows the costs of maintaining certain exemptions from past reductions in the maximum aid payment (MAP) amount used in cash grant computations.

In February 1996, the United States Department of Health and Human Services (DHHS) reinstated a waiver to the State of California that in part granted permission to implement the 2.3 percent MAP reduction and maintain prior 1.3 and 2.7 percent reductions. This waiver comprised a part of the California Work Pays Demonstration Project (CWPDP). With the advent of welfare reform, the cash aid portion of the CWPDP terminated effective December 31, 1997.

As a condition of the CWPDP waiver, the State of California and the DHHS agreed that certain assistance units (AUs) would be exempted from the 4.5 percent, 1.3 percent, 2.7 percent and 2.3 percent MAP reductions. These exemptions include AUs in which each adult caretaker meets one of the following criteria:

- Receives supplemental security income (SSI);
- Receives in-home supportive services (IHSS);
- Receives social security disability benefits (SSDI or RSDI);
- Receives state disability income (SDI);
- Receives temporary disability insurance (TDI) through worker's compensation; or
- AUs headed by a non-needy caretaker relative (NNR).

DHHS further specified that the following AUs also be exempted:

- Headed by a teen parent (19 years of age or less) enrolled in high school; and
- Wherein each adult caretaker has been determined to be incapacitated by the regular operations of the former Aid to Families with Dependent Children (AFDC) Program or the Job Opportunities and Basic Skills (JOBS).

In subsequent negotiations with plaintiffs in the Beno court case, the State further agreed to exempt AUs in which the adult caretaker(s) were needed to stay at home to care for another household member who is ill, injured or incapacitated.

Effective January 1, 1998, with implementation of the California Work Opportunity and Responsibility to Kids (CalWORKs), only the statutory exemptions shown in Welfare and Institutions Code 11450.019 remain. The exemption criteria specified by DHHS and that negotiated under the Beno settlement terminate.

IMPLEMENTATION DATE:

This premise implemented June 1, 1996.

CWPDP MAP Reduction Exemptions

KEY DATA/ASSUMPTIONS:

- The October 1996 AFDC Characteristics Survey shows 2.17 percent of the surveyed one-parent cases were AUs in which the parent(s) in the household receive(s) SSI.
- Review of the Survey shows 4.19 percent of the one-parent cases were AUs headed by a NNR.
- Data from the Income Eligibility Verification System indicates that 0.82 percent of the one-parent caseload receives SDI.
- Insurance industry data assumes that 0.26 percent of the one-parent caseload receives TDI income.
- The UC Berkeley Survey of AUs participating in the Aid Payment Demonstration Project reported that 18.11 percent of those AUs not meeting other exemption criteria were unable to work full time.
- The UC Berkeley Survey further found 0.45 percent of the surveyed one-parent AUs met the teen parent exemption criteria.
- The administrative cost of the exemptions is the 10 minutes of EW time needed to process requests for the exemptions relating to incapacitated adult caretakers. This cost applies only to this exemption population and ends after January 1, 1998.

METHODOLOGY:

- The May 1998 basic caseload was used for one-parent and two-parent cases.
- Cases from the October 1996 AFDC Characteristics Survey were identified as one-parent or two-parent families and by exemption category.
- A ratio of exemption cases to total survey was established for one-parent and two-parent families.
- Using survey data elements, the grant amount for each exemption category was calculated with and without MAP exemptions in place. For months before January 1998, comparisons were between AFDC computations. For months after CalWORKs implementation, comparisons were between CalWORKs computations. The average difference between the two grants is the cost per case.
- For each exemption category, the ratio of exemption cases was applied to the basic caseload to obtain the number of exemption cases.
- For each exemption category, the number of exemption cases was multiplied by the cost per case to obtain total costs.
- Costs for all exemption categories were totaled to obtain total costs. Total costs were allocated according to established sharing ratios.
- Administrative were computed by multiplying the cost per eligibility worker (EW) hour by .1667 (10 EW minutes) and applying the result to the caseload for the cases in the exemption category relating to incapacitated adult caretakers.

FUNDING:

Costs are Temporary Assistance for Needy Families eligible and are shared at the rate of 50 percent federal, 47.5 percent state and 2.5 percent county.

CWPDP MAP Reduction Exemptions

CHANGE FROM PRIOR SUBVENTION:

The premise has been revised to reflect current caseload projections.

REASON FOR YEAR-TO-YEAR CHANGE:

Basic cases and persons decrease between FY 1997-98 and FY 1998-99.

CASELOAD:

	1997-98	1998-99
Average Monthly Caseload	95,583	41,682

EXPENDITURES:

(in 000's)

	1997-98		1998-99	
	Grant	County Admin.[1]	Grant	County Admin.
Total	$54,356	$5,884	$21,575	$0
Federal	27,178	2,942	10,788	0
State	25,819	2,059	10,248	0
County	1,359	883	539	0
Reimbursements	0	0	0	0

[1] - County Admin. held to May 1997 Appropriation level

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CWPDP Control Group Conversion

DESCRIPTION:

This premise reflects grant savings associated with converting California Work Pays Demonstration Project (CWPDP) control group cases to normal case status. The CWPDP measured how program changes affected the likelihood of cash aid recipients to become employed. As part of evaluation, control group cases were maintained at the September 1992 maximum aid payment (MAP) level. Among the changes to the experimental group cases were several MAP reductions. With the advent of welfare reform, the control group population is no longer needed for evaluation, and the cash aid portion of the CWPDP terminated effective December 31, 1997. There are no administrative costs or savings.

IMPLEMENTATION DATE:

This premise became effective on January 1, 1998.

KEY DATA ASSUMPTIONS:

- The actual number of control persons in one-parent families in December 1997 was 6,371. The actual number in two-parent families was 3,310. It is assumed that all control cases active in December 1997 converted to normal status effective January 1, 1998.
- An average expenditure differential between control and experimental persons was established. This differential is the savings per case. The average difference in cost per person is $17.90 for one-parent cases and $28.80 for two-parent cases.
- Persons and expenditures for the period July 1997 through December 1997 were taken from the CA 800 Report.

METHODOLOGY:

- For one-parent and two-parent, the monthly control group expenditure amount was divided by the number of control group persons to determine the control group monthly cost per person.
- For one-parent and two-parent, the monthly experimental group expenditure amount was divided by the number of experimental group persons to determine the experimental group monthly cost per person.
- For one-parent and two-parent, the monthly experimental cost per person was subtracted from the monthly control cost per person to establish a differential. The differential is the monthly savings per person. The average of the differentials for the period July 1997 through December 1997 was used as the final savings per person.
- For one-parent and two-parent, the actual number of control group persons was multiplied by the final saving per person amount to a obtain total savings. One-parent and two-parent savings were combined to yield total six-month savings and total annualized savings.
- Savings were allocated according to established sharing ratios.

CWPDP Control Group Conversion

FUNDING:

These savings are Temporary Assistance for Needy Families eligible. Savings are shared at the rate of 50 percent federal, 47.5 percent state and 2.5 percent county.

CHANGE FROM PRIOR SUBVENTION:

There were three changes in methodology from the November estimate:

- Actual person data for December 1997 were used. The November estimate used the average persons for the period January to June 1997.
- Actual expenditure data for the period July to December 1997 were used to establish the average expenditures. The November estimate used the average for the period January to June 1997.
- The comparison between control and experimental group expenditures was done by isolating expenditures from each group. The November 1997 estimate inadvertently included both control and experimental expenditures in the evaluation of the experimental savings per case.

REASON FOR YEAR-TO-YEAR CHANGE:

There is a full year impact for Fiscal Year 1998-99.

CASELOAD:

	1997-98	1998-99
Average Monthly Persons	9,681	9,681

EXPENDITURES:

(in 000's)

	1997-98	1998-99
	Grant	Grant
Total	-$1,150	-$2,298
Federal	-575	-1,149
State	-546	-1,092
County	-29	-57
Reimbursements	0	0

Teen Pregnancy Disincentive

DESCRIPTION:

This premise reflects the cost of new cases becoming eligible because of the elimination of senior parent deeming. AB 908 (Chapter 307, Statutes of 1995) established the Teen Pregnancy Disincentive (TPD) Program. The program is designed to discourage teen pregnancy and encourage appropriate parenting by teen parents. With certain exceptions, TPD requires pregnant and parenting teens to live with their parents, legal guardians, or other adult relative in order to receive cash aid. In order to encourage minors to remain with their parents, this premise eliminates attribution of the senior parent's income to the teen parent's child (i.e., senior parent "deeming"). A minor parent who lives with his/her senior parent will receive at least the cash aid payment equal to the maximum aid payment (MAP) for the minor parent's child.

IMPLEMENTATION DATE:

This premise was implemented on May 1, 1997.

KEY DATA/ASSUMPTIONS:

- The population affected by the premise is the teen parent one-parent caseload.
- The increase in the aided teen parent population due to this premise will be 0.58 percent.
- The decline in the one-parent teen parent population was the result of implementing senior parent deeming regulations in January 1985. It is assumed that eliminating the deeming regulation will result in an increase in the one-parent caseload and that the increase in caseload will be equal to the former decline.
- Projected growth in the one-parent caseload due to this premise will be spread over the 24-month period between May 1, 1997, and April 30, 1999.
- An additional 15 minutes of eligibility worker (EW) time will be required to complete new forms required during the application process. This estimate of EW administrative time was based on input from several counties.
- The grant cost per month is $274, the nonexempt MAP amount for an assistance unit of one person in Region 1.
- The administrative cost for handling a continuing cash aid case is $42.24 for Fiscal Year (FY) 1997-98 and $43.12 for FY 1998-99, the amount established by the California Department of Social Services' (CDSS) Contracts and Financial Analysis Bureau (CFAB) (formerly the County Cost Analysis Bureau) for the applicable fiscal year.
- The estimated cost per hour for an EW is $56.75 for 1997-98 and $58.07 for 1998-99, the amount established by the CDSS' CFAB for the applicable fiscal year.

Teen Pregnancy Disincentive

METHODOLOGY:

- The average number of female teen parents were identified from both the July 1984 and October 1984 AFDC Characteristic Surveys, prior to senior parent deeming regulations. The result was compared to the average number of female teen parents in the October 1985 and April 1986 surveys, after senior parent deeming regulations were implemented. Deeming was implemented effective January 1, 1985. This comparison showed a drop in the one-parent teen parent population equal to 0.47 percent of the one-parent caseload. The two-parent teen parent caseload remained unchanged.
- Review of California Department of Health Services birth rate information showed that the birth rate for teen parents age 15 to 19 increased 23.67 percent from 1985 to 1995. Therefore, it was assumed that the percentage of the teen parent population subject to senior parent deeming should be increased by 23.67 percent. The 0.47 percent growth was adjusted to 0.58 percent to reflect the increase in birth rate.
- The monthly increase in caseload was determined by dividing the estimated 0.58 percent by 24 months, or 0.0242 (rounded). Each month's ratio grows by the 0.0242 percent. Thus, the second month's ratio is 0.0483 (rounded). This growth pattern continues until 0.58 percent is reached in the 24th month.
- Total grant costs were computed by multiplying the estimated increase in caseload by the grant cost for an AU of one person.
- The increase in administrative cost resulting from the growth in the continuing caseload was developed by multiplying the increase in caseload by the monthly administrative cost for a continuing case.
- The increased cost of the application process was determined by multiplying the projected number of cases added per month by the additional time needed by the EW cost per hour.
- The total administrative cost is the sum of administrative cost for the added continuing caseload and the increased application cost.

FUNDING:

These costs are Temporary Assistance for Needy Families eligible. Costs are shared 50 percent federal, 47.5 percent state and 2.5 percent county.

CHANGE FROM PRIOR SUBVENTION:

The caseload was updated to reflect the May 1998 Subvention forecast.

Teen Pregnancy Disincentive

REASON FOR YEAR-TO-YEAR CHANGE:

The estimate assumes caseload growth through April 1999 as teen parents return to aid. Basic cases decrease between FYs 1997-98 and 1998-99.

CASELOAD:

	1997-98	1998-99
Average Monthly Caseload	1,265	2,833

EXPENDITURES:

(in 000's)

	1997-98		1998-99	
	Grant	County Admin.	Grant	County Admin.
Total	$4,158	$664	$9,316	$1,485
Federal	2,079	332	4,658	742
State	1,975	232	4,425	520
County	104	100	233	223
Reimbursements	0	0	0	0

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Maximum Family Grant

DESCRIPTION:

With certain exceptions, the maximum family grant (MFG) stipulates there be no increase in the maximum aid payment (MAP) for children who are born to a family that received aid continuously for the 10 months prior to the birth. In such cases, there must be a 24-month break in aid before the assistance unit (AU) is eligible for increased benefits for the additional child(ren).

IMPLEMENTATION DATE:

The fiscal impact of the maximum family grant began on September 1, 1997.

KEY DATA/ASSUMPTIONS:

The October 1996 Aid to Families with Dependent Children Characteristics Survey was utilized as the primary source of data for this premise estimate. The data provided by this survey included:

- County of residence;
- Aid category and AU size;
- Net income;
- Date of most recent application for aid; and
- Date of birth for all AU members.

In addition to the survey data, the basic one-parent and two-parent family caseloads were used in computing the estimated cases affected in the budget year by MFG.

The old AFDC regulations provide that net income is deducted from the minimum basic standard of adequate care (MBSAC), not from MAP. In some MFG AUs with substantial income the elimination of eligibility for the MFG child may have little or no impact on the AU's benefits.

The implementation of the California Work Opportunity and Responsibility to Kids (CalWORKs) program resulted in the replacement of the AFDC grant structure with the CalWORKs grant structure. The CalWORKs grant structure stipulates that net income is deducted directly from MAP. The MBSAC is eliminated from the grant computation. The result is that more families with MFG children will realize a grant reduction due to the MFG premise, thus increasing the grant savings of this premise.

Based on input from the counties, the following assumptions were made in estimating the administrative cost of MFG:

- It was assumed that one-third of those cases subject to MFG would be administratively difficult to determine if they met exemption criteria.
- It was further assumed that each of these more difficult determinations would require one-half hour of administrative time.
- It was estimated that five percent of these more difficult cases would file for a fair hearing.
- It was assumed that each fair hearing would require three hours of additional administrative time.

Maximum Family Grant

METHODOLOGY:

The following methodology was used to determine the cases within the survey sample subject to MFG in the first year of impact.

- AUs were identified by region and by aid type.
- Non-needy caretaker relative (NNR) AUs are not subject to MFG and were excluded.
- AUs with no children one year old or less were excluded.
- Children whose births were not at least 10 months after the most recent application for AFDC benefits were excluded.
- In current year prior to implementation of the CalWORKs grant, the annual ratio of MFG cases in the one-parent caseload was 4.48 percent. CalWORKs implementation in January 1998 increased this ratio to 4.91 percent. In the budget year this ratio increases to 8.38 percent.
- For the two-parent family cases prior to implementation of the CalWORKs grant, the annual ratio of MFG cases in the two-parent family caseload was 4.42 percent. CalWORKs implementation in January 1998 increases this ratio to 5.85 percent. In the budget year this ratio increased to 13.11 percent.
- For the purposes of this estimate, we assumed the births of children subject to the MFG would be distributed equally over 12 months. Therefore, the MFG births in each month would be equal to the annual MFG ratio divided by 12.

The estimated grant savings per case for the first year of impact was estimated as follows:

- The grants of those AUs affected by MFG were computed using the appropriate MAP and MBSAC for all AU members. The grants were recomputed using the same MBSAC levels but with a MAP level equivalent to MAP without the MFG child(ren). The average savings per case is displayed in the table below:

	One-Parent	Two-Parent Family	Grant Structure
September – December 1997	-$135.84	-$99.04	AFDC
January – September 1998	-$140.26	-$99.49	CalWORKs
October 1998 – June 1999	-$134.09	-$102.70	CalWORKs

The estimated grant saving for 1998-99 was computed utilizing the follow methodology:

- The basic one-parent and two-parent family caseloads developed in this subvention were multiplied by the monthly MFG ratio to determine the projected caseload subject to MFG.
- The MFG caseload was multiplied by the estimated grant savings per case to determine the MFG grant savings.

The estimated administrative cost was determined using the following methodology:

- The MFG caseload was multiplied by one-third to estimate the difficult determinations.
- The difficult determinations were multiplied by 0.5 hours to determine the total administrative time needed.

Maximum Family Grant

FUNDING:

This premise is Temporary Assistance for Needy Families eligible. The grant savings are shared 50 percent federal, 47.5 percent state, and 2.5 percent county. The administrative costs are shared 50 percent federal, 35 percent state, and 15 percent county.

CHANGE FROM PRIOR SUBVENTION:

This premise has been updated to reflect the May Revise one-parent and two-parent family basic caseload estimate.

REASON FOR YEAR-TO-YEAR CHANGE:

The increase in grant savings in the budget year is the direct result of the accumulation of recipient families with children ineligible due to the MFG regulations. The decrease of administrative cost in the budget year is due to fewer estimated MFG eligibility determinations and fewer estimated fair hearing requests.

CASELOAD:

	1997-98	1998-99
Average Monthly Caseload	16,971	44,663

EXPENDITURES:

(in 000's)

	1997-98		1998-99	
	Grant	County Admin.	Grant	County Admin.
Total	-$22,377	$328	-$68,874	$281
Federal	-11,189	164	-34,437	141
State	-10,629	115	-32,715	98
County	-559	49	-1,722	42
Reimbursements	0	0	0	0

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County Performance Demonstration Project (CPDP)

DESCRIPTION:

The purpose of the County Performance Demonstration Project (CPDP) is to determine whether a fiscal incentive will encourage counties to increase savings in Aid for Families with Dependent Children (AFDC)/Temporary Assistance for Needy Families (TANF) Program grants through improvements to operation of the Greater Avenues for Independence (GAIN) Program. Counties participate on a voluntary basis and are paid incentives based on either "Performance Above Standard" (PAS), or "Performance Improvement" (PI). There are no new State General Fund (GF) costs for these incentives because they are more than offset by the increased grant savings. There are 21 counties currently participating in CPDP, which will continue through June 30, 1997.

IMPLEMENTATION DATE:

This premise implemented on July 1, 1994.

KEY DATA/ASSUMPTIONS:

- The Department has established a statewide performance standard of 1:1 as the performance goal for the GAIN Program (i.e., for every dollar expended, there is at least one dollar of grant savings).
- Participating counties are assessed in terms of a cost benefit ratio (i.e., the amount of grant savings divided by program expenditures) and are identified as either category PAS or PI.
- To qualify for an incentive payment PAS counties must demonstrate that they have served additional individuals in the GAIN Program while maintaining their cost benefit ratios. PI counties must improve their cost benefit ratios by ten percentage points toward the statewide standard while serving additional individuals.
- The cost of the performance incentive payments is offset by the increased AFDC grant savings which are achieved through grant reductions and terminations.

METHODOLOGY:

County data were evaluated to determine which counties met their performance standards. Next, grant savings were calculated as the sum of the qualifying counties' total savings due to AFDC grant reductions and terminations which result from program improvements.

Incentive payments were determined by assessing each county's performance in terms of the cost benefit ratio. PAS counties received an incentive payment equivalent to 25 percent of the county share of Fiscal Year (FY) 1992-93 GAIN expenditures. PI counties received an incentive payment equivalent to 50 percent of the state share of the improved performance savings in AFDC that are realized within the project year, as long as these did not exceed 25 percent of the county share of FY 1992-93 GAIN expenditures. (These incentive payments were applied to the county share of the AFDC assistance claim.)

Incentive payments will be paid by the State in 1997-98 to counties who were successful in 1996-97. Because the program ended June 30, 1996, no savings are reflected for FY 1997-98, and no costs or savings are reflected in FY 1998-99.

County Performance Demonstration Project (CPDP)

FUNDING:

The net savings were shared as follows:

- Federal 50.0 percent;
- State 47.5 percent (minus the incentive payments to counties); and,
- County 2.5 percent (plus the amount of the incentive payments).

The cost of the incentive payment in 1997-98 is 100 percent cost to the GF and 100 percent savings for the counties, with no federal share.

CHANGE FROM PRIOR SUBVENTION:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

Incentive payments will be paid by the State in 1997-98 to counties who were successful in 1996-97. Because the program ended June 30, 1996, no savings are reflected for FY 1997-98, and no costs or savings are reflected in FY 1998-99.

EXPENDITURES:

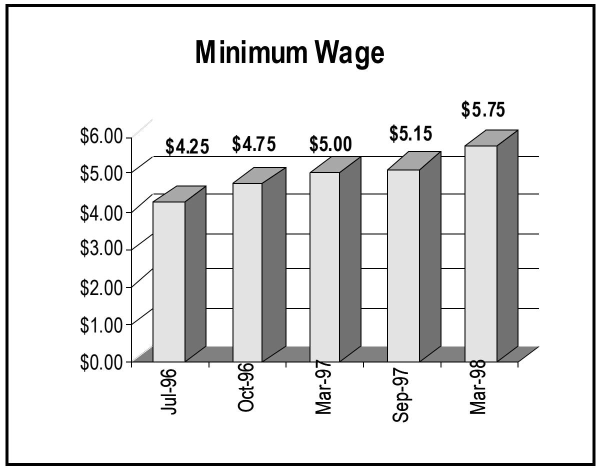
(in 000's)

	1997-98	1998-99
	Grant	Grant
Total	$0	$0
Federal	0	0
State	3,701	0
County	-3,701	0
Reimbursements	0	0

Minimum Wage Increase

DESCRIPTION:

This premise is the estimated grant saving resulting from increases in the minimum wage. The federal minimum wage had been $4.25 per hour. Both the Federal and State Governments will increase the minimum wage in the current and budget fiscal years:



- Federal legislation increased the minimum wage to $4.75 an hour effective October 1, 1996, and to $5.15 effective September 1, 1997.
- The voters of California enacted Proposition 210 in the November 1996 elections. This proposition increased the minimum wage in California to $5.00 an hour effective March 1, 1997, and to $5.75 effective March 1, 1998.

The California Work Opportunity and Responsibility to Kid (CalWORKs) implemented January 1, 1998. In most instances the CalWORKs grant structure provides less in income disregards than does the former Aid for Families with Dependent Children (AFDC) grant structure. Accordingly, the savings increase with the implementation of the CalWORKs program.

IMPLEMENTATION DATE:

This premise implemented October 1, 1996.

KEY DATA/ASSUMPTIONS:

The October 1996 AFDC Characteristics Survey provided the database used to estimate the grant savings resulting from the increases in the minimum wage. This survey provides detailed information on surveyed AFDC cases. Identified within the survey are:

- The hours worked and gross earnings of surveyed assistance units (AUs) as well as other sources of income. Those with self-employment earnings were identified;
- County of residence; and
- AU size.

METHODOLOGY:

Within the characteristics survey data base, the following actions were taken to identify the AUs that would be affected by the increase in minimum wage and to establish their appropriate maximum aid payments (MAPs) and minimum basic standard of adequate care (MBSAC) levels.

- AUs were identified by aid code and county of residence as living in either Region 1 or Region 2.

Minimum Wage Increase

- The MAP and MBSAC for each surveyed AU in the data base were established based on the AU size and region of residence. The gross earned income of the remaining AUs was divided by the hours worked to determine the hourly wage. Those with an hourly wage equal to or greater than the new minimum wage level were excluded from the data base.

To determine the fiscal impact of the minimum wage increase on the surveyed cases, the following steps were taken:

- Using the appropriate MAP and MBSAC, the grant for each AU was computed using the current hourly wage and the new minimum wage;
- Those AUs with no difference in the monthly grant were excluded from the data base; and
- For those remaining AUs, the average difference between the two grants was computed. This average difference between grants is the estimated savings per case. These savings per case are displayed in the table below:

	One-Parent	Two-Parent	Grant Structure
July – October 1997	-$12.33	-$22.27	AFDC
November – December 1997	-$15.35	-$17.14	AFDC
January – April 1998	-$31.61	-$41.97	CalWORKs
May 1998 – June 1999	-$60.32	-$78.72	CalWORKs

The following steps were taken to estimate the grant savings of this premise:

- A ratio was established by aid type (one-parent or two-parent) between those AUs within the survey experiencing a grant reduction and all AUs surveyed within that aid category. Those ratios are displayed in the table below:

	One-Parent	Two-Parent	Grant Structure
July – October 1997	2.17%	6.95%	AFDC
November – December 1997	3.32%	11.37%	AFDC
January – April 1998	2.60%	10.11%	CalWORKs
May 1998 – June 1999	3.61%	12.95%	CalWORKs

- This ratio was applied against the basic caseloads established for this subvention to project the portion of the caseload whose grant would be affected by the minimum wage increase.
- The estimated premise savings are the product of the number of the projected cases affected by the minimum wage increase and the estimated savings per case.

Minimum Wage Increase

FUNDING:

The funding is shared at the ratio of 50 percent federal, 47.5 percent state, and 2.5 percent county.

CHANGE FROM PRIOR SUBVENTION:

The basic caseloads have been updated based on the May Revise estimates.

REASON FOR YEAR-TO-YEAR CHANGE:

The increase in savings in the budget year is the result of the twelve-month impact of the increase in the minimum wage to $5.75 an hour.

CASELOAD:

	1997-98	1998-99
Average Monthly Caseload	28,930	34,236

EXPENDITURES:

(in 000's)

	1997-98 Grant	1998-99 Grant
Total	-$11,635	-$27,714
Federal	-5,818	-13,857
State	-5,527	-13,164
County	-290	-693
Reimbursements	0	0

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Disqualified SSI Disabled Children

DESCRIPTION:

Certain children receiving supplementary security income (SSI) are no longer eligible to receive those payments under Public Law 104-193 which was enacted August 22, 1996 (see "Description" under the "SSI/SSP Restriction of Eligibility for Disabled Children" premise). This premise shows the cost of aiding these children under Temporary Assistance for Needy Families (TANF)/California Work Opportunity and Responsibility to Kids (CalWORKs).

IMPLEMENTATION DATE:

This premise was implemented on July 1, 1997.

KEY DATA/ASSUMPTIONS:

- Seventy-five percent of disqualified children will be eligible for TANF/CalWORKs.
- Disqualification and conversion to TANF/CalWORKs began October 1, 1997, and was completed by February 1998 except for 503 cases still under appeal that will lose their appeals in August 1999. The 503 cases continue to receive SSI benefits pending the appeal.
- Affected children are members of a current TANF/CalWORKs family. (An otherwise eligible family may be aided when the only child is an SSI recipient. If so, the assistance unit (AU) consists of the parents only.)
- The cost per case is the additional grant cost resulting from adding the child to an existing AU. The average size of a family group AU is three persons. The average size of an unemployed parent AU is four persons.
- Ten minutes of eligibility worker (EW) time are needed to process the request for aid.

The following data elements were used:

- The grant amount to add a child to the AU is $103.68 in FY 1997-98 and $103.90 in FY 1998-99;
- The estimated number of disqualified children is 3,698, of which 2,774 will be aided; and
- The EW cost per hour is $56.75 for Fiscal Year (FY) 1997-98 and $58.07 for FY 1998-99.

METHODOLOGY:

- The monthly number of disqualified children was multiplied by the ratio eligible for TANF/CalWORKs to determine the population of eligible children.
- The number of eligible children was multiplied by the grant cost for the child to determine total grant costs.
- The number of children requesting TANF/CalWORKs was multiplied by .1667 hours (i.e., 10 minutes). The result is the total EW hours needed to aid the children.
- The total EW hours were multiplied by the EW cost per hour to derive the total administrative cost.

Disqualified SSI Disabled Children

FUNDING:

These costs are TANF eligible. TANF/CalWORKs grant costs are shared at the rate of 50 percent federal, 47.5 percent state and 2.5 percent county. Administrative costs are shared at the rate of 50 percent federal, 35 percent state and 15 percent county.

CHANGE FROM PRIOR SUBVENTION:

The estimate of the total number of affected children has decreased based on information on actual rates of re-qualification for SSI and appeals. The average monthly caseload for FY 1997-98 has been corrected to show a nine month average rather than averaging the caseload over 12 months.

REASON FOR YEAR-TO-YEAR CHANGE:

The disqualified SSI children will be added to the AU in the current year so there will be no administrative costs in the budget year. The grant cost increase is due to a full year impact of the SSI children added to an existing CalWORKs case.

CASELOAD:

	1997-98	1998-99
Average Monthly Caseload	2,437[1]	2,774

EXPENDITURES:

(in 000's)

	1997-98		1998-99	
	Grant	County Admin.	Grant	County Admin.
Total	$2,274	$62	$3,458	$0
Federal	1,137	31	1,729	0
State	1,080	22	1,643	0
County	57	9	86	0
Reimbursements	0	0	0	0

[1] - The average is based on nine months.

Court Cases – Capitola Land, et al v. Anderson

DESCRIPTION:

In Capitola Land, et al v. Anderson – the Court of Appeal of the State of California, Second Appellate District, invalidated a California Department of Social Services' (CDSS') regulation which requires Aid to Families with Dependent Children (AFDC) Program linkage to the home of removal to establish eligibility for federal Foster Care (FC) Program benefits.

Current regulations stipulate that the child must have been receiving or eligible to receive AFDC in the month of the petition, and must have lived with the parent or relative from whom removed within the last six months prior to his removal to be eligible for federal FC payments. The impact of this decision is a broader definition of eligibility for federal foster care program benefits. The Department of Health and Human Services (DHHS) has denied federal financial participation through the disapproval of the state plan amendment. CDSS is appealing this denial.

IMPLEMENTATION DATE:

This premise is not proposed to be implemented in budget year.

KEY DATA/ASSUMPTIONS:

- Due to the DHHS state plan disapproval, these cases are not federally eligible, and, therefore, funding for this premise is being removed.

FUNDING:

Reimbursements already paid in connection with the lawsuit are 100 percent state funded.

CHANGE FROM PRIOR SUBVENTION:

Funding for this premise is being removed to reflect the federal decision that these cases are not federally eligible for FC benefits. Funding of $140,000 in Fiscal Year (FY) 1997-98 reflects reimbursements already paid in connection with this lawsuit.

REASON FOR YEAR-TO-YEAR CHANGE:

Aside from costs incurred and paid in FY 1997-98, no funding is reflected for this premise.

EXPENDITURES:

(in 000's)

ITEM 101	1997-98	1998-99
AFDC/TANF	Grant	Grant
Total	$0	$0
Federal	0	0
State	0	0
County	0	0
Reimbursements	0	0

Court Cases – Capitola Land, et al v. Anderson

ITEM 101	1997-98	1998-99
FOSTER CARE	Grant	Grant
Total	$140	$0
Federal	0	0
State	140	0
County	0	0
Reimbursements	0	0

ITEM 141	1997-98	1998-99
FC ADMIN.	Grant	Grant
Total	$0	$0
Federal	0	0
State	0	0
County	0	0
Reimbursements	0	0

Beno v. Shalala Court Case

DESCRIPTION:

This premise represents the costs of settling the Beno v. Shalala court case. The population affected is the cases receiving Aid to Families with Dependent Children (AFDC) between December 1, 1992, and May 31, 1996.

As part of the California Work Pays Demonstration Project (CWPDP), a series of reductions was made to the Maximum Aid Payment (MAP) amount. The MAP is used to compute the amount of cash aid to which an assistance unit (AU) is entitled. Under the terms of the CWPDP, changes were made in the AFDC grant computation method in order to make it more advantageous for recipients to work. The MAP reductions were designed to provide a work incentive.

Among other issues, plaintiffs in the Beno case challenged the MAP reductions because certain AUs did not contain persons who were able to work and should not be subject to the MAP reductions. In March of 1997, the Department entered a partial settlement of the case and established a set of standards whereby some AUs were made exempt from the MAP reductions. These CWPDP MAP reduction exemptions are addressed as a separate premise.

IMPLEMENTATION DATE:

This premise becomes effective July 1, 1998. The exact date of payment is uncertain at this time.

KEY DATA ASSUMPTIONS:

- The amount of the settlement is $42 million, as reflected in settlement documents. The settlement consists of amounts for those currently aided, those not currently aided and amounts to be paid into the Temporary Food Assistance Program (TFAP).
- A set aside payment of $2 million will be made to TFAP. This payment is intended for class members who cannot be currently identified. In this case, the payment to TFAP will provide food for low-income families.
- The amount of any returned settlement checks will also be paid into TFAP. Past experience with settlements indicates that the rate of return will be three percent of the settlement amount less the set aside payment, or $1.2 million.
- The administrative cost of the settlement is paid from state support funds except for the actual cost of postage, which is paid with local assistance monies. There are no other county-level administrative costs. Experience with settlements indicates that the state support cost will be $241,000, and the postage cost $320,000. These costs are claimable as Temporary Assistance for Needy Families (TANF) Program administrative costs.
- Based on information from the Department's Data Base Development and Forecasting Branch, it was established that 1,621,699 class members are currently receiving California Work Opportunity and Responsibility to Kids (CalWORKs) Program benefits as of March 1998. Another 1,554,755 class members are not currently in receipt of CalWORKs benefits.
- The class members receiving CalWORKs were designated as currently aided, representing 51.05 percent of class members. Class members not receiving CalWORKs were designated as not currently aided, representing 48.95 percent of known class members. The settlement amount to be received by class members was allocated according to this percentage.

Beno v. Shalala Court Case

METHODOLOGY:

- The total settlement amount minus the set aside amount of $2 million is the net settlement amount of $40 million. This amount will be paid to those class members with a current address in the Medi-Cal Eligibility and Data System (MEDS).
- The ratio of currently aided class members was applied to the net settlement amount to determine the amount to be paid to currently TANF-eligible families. This amount is claimable as TANF.
- The remainder of the net settlement amount will be paid to class members who are not TANF-eligible families. This amount is claimable to TANF because the families were AFDC-eligible during the settlement period. It cannot be applied to the state maintenance of effort (MOE) because the families are not currently TANF-eligible.
- The amount of the net settlement was multiplied by three percent to determine the amount of the returned settlement checks.
- The amount of the set aside payment, plus the amount of the returned settlement checks, will be allocated to TFAP and claimed to the General Fund (GF). This amount is neither claimable to TANF nor countable against the state MOE because TFAP is a state-only program, and TFAP recipients are not always TANF-eligible families.

FUNDING:

- The currently aided amount was shared at the rate of 50 percent federal and 50 percent state.
- The not currently aided amount was allocated 100 percent to federal.
- The set aside payment and the returned check amount was claimed entirely to GF.
- The cost for postage is shared at the rate of 65 percent federal and 35 percent state as an eligible TANF administrative cost. The normal county share of 15 percent was claimed to TANF.

CHANGE FROM PRIOR SUBVENTION:

This is a new premise.

REASON FOR YEAR-TO-YEAR CHANGE:

These costs become effective in Fiscal Year 1998-99.

Beno v. Shalala Court Case

CASELOAD:

	1997-98	1998-99

Caseload	0	3,176,454*

*This represents the total number of class members having an address in MEDS in March 1998.

EXPENDITURES:

(in 000's)

	1997-98		1998-99	
	Grant	County Admin.	Grant	County Admin.*
Total	$0	$0	$42,000	$541
Federal	0	0	29,669	208
State	0	0	12,331	333
County**	0	0	0	0
Reimbursements	0	0	0	0

* Includes $221,000 in state support costs claimed to TANF.

** County share claimed to TANF.

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Recent Noncitizen Entrants

DESCRIPTION:

Public Law 104-193 restricts eligibility for legal immigrants entering the United States (U.S.) after the date of enactment (August 22, 1996). These recent entrants to the U.S. are barred from receiving benefits from the Temporary Assistance to Needy Families (TANF) Program for the first five years they are in the country. Public Law 104-193 does provide exceptions for certain aliens:

1. Refugees, asylees, or those granted withholding of deportation for their first five years in U.S.
2. Veterans, active duty, spouses and dependents.
3. Cuban-Haitian: Cuban-Haitian entrants are eligible for Refugee Assistance and Refugee Education Assistance.

The California Work Opportunity and Responsibility to Kids (CalWORKs) Program continues aid to recent noncitizen entrants who do not meet the exception criteria. This premise is the estimated cost for continuing to aid recent noncitizen entrants.

IMPLEMENTATION DATE:

This premise implemented September 1996.

KEY DATA/ASSUMPTIONS:

The October 1996 Aid to Families with Dependent Children (AFDC) Characteristics Survey was utilized as the primary source of data for this premise estimate. The data provided by this survey included:

- County of residence.
- Aid category and assistance unit (AU) size.
- Net income.
- Date of most recent application for aid.
- Alien status for each member of the AU.
- Date of entry into the United Stated for each alien member of the AU.
- Within the October 1996 database, the grants for the affected cases were computed with and without the recent noncitizen entrants. The average difference between these two grants is the cost per case.
- Utilizing the October 1996 database, the ratio of cases with recent noncitizen entrants was computed.
- This premise began in September of 1996 with the passage of Public Law 104-193. Therefore, the first year of fiscal impact is September 1996 through August 1997. The second year of impact is September 1997 through August 1998, and so on.
- The chart on the following page displays the ratios of the one- and two-parent caseloads with recent noncitizen entrants and the cost per case.

Recent Noncitizen Entrants

	One-Parent Ratio	One-Parent Cost Per Case	Two-Parent Ratio	Two-Parent Cost Per Case
September 1996 through August 1997	0%	0	0.16%	$224.67
September 1997 through August 1998	0.14%	$168.00	0.63%	$202.50
September 1998 through August 1999	0.14%	$168.00	1.58%	$175.10

- In addition to the survey data, the one- and two-parent basic caseloads developed for the May Revise of the Governor's Budget were used in computing the estimated cases affected in the current and budget years.
- The average monthly cost per case for employment services in the CalWORKs Welfare to Work Program in State Fiscal Year (SFY) 1997-98 is $287, and $185 in 1998-99.
- The average monthly cost per case for CalWORKs child care is $502, and Cal Learn child care is $410 in FYs 1997-98 and 1998-99.
- The Cal Learn caseload for recent noncitizen entrants was determined by taking the total number of TANF one-parent basic recent noncitizen entrants multiplied by the ratio of Cal Learn caseload to projected TANF one-parent basic caseload.

METHODOLOGY:

- The recent noncitizen entrants' one- and two-parent ratios were multiplied by the basic caseloads to determine the projected affected cases.
- The affected cases were multiplied by the average cost per case to determine the projected cost of the premise.
- The casemonths for one-parent cases were multiplied by the average monthly cost per case for CalWORKs Welfare to Work Program to determine the projected cost of providing employment services.
- For both the CalWORKs and Cal Learn child care, the recent noncitizen entrants one-parent caseload was multiplied by the 30-percent child care utilization rates for FYs 1997-98 and 1998-99 respectively. The net child care caseload was then multiplied by the average monthly child care cost of $502 for CalWORKs child care and $410 for Cal Learn child care.

FUNDING:

The state and counties fund these costs with the exception of child care which is 100 percent state-funded. The expenditures meet the TANF maintenance of effort requirements.

CHANGE FROM PRIOR SUBVENTION:

This premise has been updated for the new caseload projections, the CalWORKs grant structure; the additional cost associated with providing employment services, Cal Learn services and subsidized child care; and is now funded by the state and county. In addition, a technical adjustment was made in the accumulation of the estimated caseload that resulted in an increase in projected caseload and costs.

Recent Noncitizen Entrants

REASON FOR YEAR-TO-YEAR CHANGE:

The budget year cost increases as a result in the accumulation of noncitizen entrants in the caseload.

CASELOAD:

	1997-98	1998-99
Average Monthly Caseload	976	1,814

EXPENDITURES:

(in 000's)

Item 101 CalWORKs Assistance Payments	1997-98		1998-99	
	Grant	County Admin.	Grant	County Admin.
Total	$2,237	$493	$3,745	$939
Federal	0	0	0	0
State	2,125	345	3,558	657
County	112	148	187	282
Reimbursements	0	0	0	0

Item 101	1997-98	1998-99
CalWORKs Services	Grant	Grant
Total	$1,123	$2,780
Federal	0	0
State	786	1,946
County	337	834
Reimbursements	0	0

Recent Noncitizen Entrants

Item 101 CalWORKs Stage One Child Care	1997-98 Grant	1998-99 Grant
Total	$708	$2,336
Federal	0	0
State	708	2,336
County	0	0
Reimbursements	0	0

Item 101 Cal Learn Services	1997-98 Grant	1998-99 Grant
Total	$40	$75
Federal	0	0
State	40	75
County	0	0
Reimbursements	0	0

Item 101 Cal Learn Child Care	1997-98 Grant	1998-99 Grant
Total	$8	$14
Federal	0	0
State	8	14
County	0	0
Reimbursements	0	0

Paternity Establishment

DESCRIPTION:

The savings associated with the premise are the grant savings reflecting the difference between the old Aid to Families with Dependent Children (AFDC) rule regarding noncooperation in paternity establishment and the California Work Opportunity and Responsibility to Kids (CalWORKs) rule.

Welfare and Institutions Code (WIC) section 11477.02(a), authorized under AB 1542 (Chapter 270, Statutes of 1997) provides for a sanction when parents required to cooperate with the district attorney for child support purposes refuse to do so without good cause. The sanction is 25 percent of the grant amount for the applicable assistance unit (AU). Sanctions are imposed prospectively after timely (i.e., ten day) notice. Once the recipient cooperates, aid is restored effective on the first of the month in which the cooperation is established.

This sanction method differs from that used under the old AFDC program. Under the AFDC rule, the parent was removed from the AU. There are no administrative costs or savings.

IMPLEMENTATION DATE:

This premise became effective on January 1, 1998.

KEY DATA ASSUMPTIONS:

- The population potentially subject to sanction is composed of cash aid cases with at least one parent missing from the home.
- The average monthly number of sanctioned cases is 1,723 for Fiscal Year (FY) 1997-98 and 1,744 for FY 1998-99.
- The October 1996 AFDC Characteristics Survey shows 2,048 AUs lacking a parent because of a child support sanction. The survey included 708,682 total one-parent AUs, resulting in a ratio of .0029. No two-parent AUs were shown.
- Under CalWORKs, the sanction amount is 25 percent of the applicable grant (average grant reduction of $101.21). Under the old AFDC rule, the sanction was removal of the noncooperating parent from the AU (average grant reduction of $118.97).
- The average length of a sanction is one month. This estimate is based on county experience.
- The May 1998 one-parent basic caseload for 1997-98 and 1998-99 was used for the respective fiscal years.
- The applicant caseload was based on the CA 237 Report, which showed an average ratio of .0345 for one-parent applications to one-parent cases for the period July 1997 through December 1997.

METHODOLOGY:

- Case data from the October 1996 Survey were used to compute grants for the one-parent population potentially subject to the sanction. The CalWORKs grant computation was used. Grants were computed using the old AFDC sanction rule and again using the new CalWORKs rule. A grant differential was established. The differential is the savings per case. The average length of a sanction was supplied by the CalWORKs Eligibility Branch.

Paternity Establishment

- For applicants, the applicant ratio was applied to the one-parent basic caseload to derive the number of one-parent applicants. This result was multiplied by the sanction ratio to determine the number of sanctioned cases.
- For recipients, the one-parent basic caseload was multiplied by the sanction ratio to derive the number of sanctioned cases.
- The savings per case amount was multiplied by the sanction caseload number to determine savings.
- The sanction saving per case amount was multiplied by the number of sanctioned cases. The result was multiplied by the assumed months of sanction to determine the sanction savings per month.
- Savings were totaled and allocated according to established sharing ratios.

FUNDING:

These costs are Temporary Assistance for Needy Families Program eligible. Costs are shared at the rate of 50 percent federal, 47.5 percent state and 2.5 percent county.

CHANGE FROM PRIOR SUBVENTION:

Updated caseload information has been used. The November 1997 estimate reflected the value of the new rule instead of the difference between the old AFDC rule and the new CalWORKs rule. The current estimate shows the comparison, resulting in a sharp decrease in projected savings.

REASON FOR YEAR-TO-YEAR CHANGE:

FY 1998-99 shows a full-year impact.

CASELOAD:

	1997-98	1998-99
Average Monthly Caseload	1,824*	1,744

*Average monthly caseload from January 1, 1998.

EXPENDITURES:

(in 000's)

	1997-98 Grant	1998-99 Grant
Total	-$194	-$372
Federal	-97	-186
State	-92	-177
County	-5	-9
Reimbursements	0	0

Elimination of the Look Back

DESCRIPTION:

The California Work Opportunity and Responsibility to Kids (CalWORKs) Program replaced the Aid to Families with Dependent Children (AFDC) Program effective January 1, 1998. The CalWORKs Program eliminates the requirement for the workforce connection (look back) for two-parent assistance units (AUs). The workforce connection was a requirement for AUs with unemployment as the deprivation. In short, the primary earner must have earned a gross income of at least $50 in at least 6 quarters within any 13-calendar-quarter period that ended within one year before the quarter of application. Elimination of the look back will result in an increase in caseload, grant expenditures, and administrative costs.

IMPLEMENTATION DATE:

This premise implemented January 1, 1998.

KEY DATA/ASSUMPTIONS:

The data from the October 1997 AFDC Denied Application Survey were used to identify those applications that were denied solely on the basis of the look back regulations. The social security numbers of the parents in these denied applications were screened via the Medi-Cal Eligibility Data System (MEDS) for eligibility in the months following October 1997. Any AU found to be eligible prior to January 1, 1998, was eliminated from the denied database. Based on this information it was determined that 4.59 percent of the two-parent denied applications in the survey were denied due to look back regulations.

The following data were used in the estimated cost of this premise:

- MEDS was utilized to establish a historical monthly attrition rate from aid for those AUs with no prior history of aid receipt.
- The AFDC CA 237 report was utilized to determine the ratio between applications disposed and the cash grant caseload. In addition, a ratio of denials to applications disposed was calculated using the CA 237 report.
- The caseload used in this estimate was the two-parent basic caseload developed for the May Revise of the Governor's Budget.
- Based on data from the October 1996 AFDC Characteristics Survey, the grant cost of a two-parent case is $558.47.
- Based on information from the Governor's Budget, the administrative cost of a continuing case is $42.14 for 1997-98 and $43.12 for 1998-99.

METHODOLOGY:

To determine the number of denied applications, the two-parent basic caseload was multiplied by the application disposal rate and the denial ratio. The estimated denied applications were multiplied by the rate of 4.59 percent to determine the number of denied look back applications. The look back applications were reduced by the monthly attrition rate to determine the monthly net new eligible cases. The new eligible cases were multiplied by the average cost per two-parent case to determine the cost of the grant expenditures. The new eligible cases were multiplied by the administrative cost of a continuing case to determine the administrative cost of this premise.

Elimination of the Look Back

FUNDING:

This premise is Temporary Assistance for Needy Families Program eligible. The grant costs are shared at the ratios of 50 percent federal, 47.5 percent state, and 2.5 percent county. The administrative costs are shared at the ratios of 50 percent federal, 35 percent state, and 15 percent county.

CHANGE FROM PRIOR SUBVENTION:

This premise was updated by the use of data from the October 1997 Denied AFDC Application Survey, the October 1996 AFDC Characteristics Survey, MEDS, the AFDC CA 237 report, and the basic one- parent and two-parent caseloads developed for the May Revise of the Governor's Budget.

REASON FOR YEAR-TO-YEAR CHANGE:

The higher grant and administrative cost in 1998-99 is the direct result of the accumulation of eligible cases.

CASELOAD:

	1997-98[1]	1998-99
Average Monthly Caseload	848	2,412

EXPENDITURES:

(in 000's)

	1997-98		1998-99	
	Grant	County Admin.	Grant	County Admin.
Total	$2,841	$214	$16,165	$1,248
Federal	1,421	107	8,083	624
State	1,349	75	7,678	437
County	71	32	404	187
Reimbursements	0	0	0	0

[1] The 1997-98 average caseload is for the six-month period of January through June 1998.

Exits Due To Employment

DESCRIPTION:

The California Work Opportunity and Responsibility to Kids (CalWORKs) Program requires nonexempt able-bodied applicants and recipients to participate in work activities. It is anticipated that this new work requirement will result in increased caseload exits due to employment. The employment services provided under CalWORKs include an up-front job search, assessment, subsidized and unsubsidized employment, job development, work experience, completion of a high school diploma or its equivalent, vocational employment training, and community service.

This premise is the estimated saving resulting from this increase in caseload exits.

IMPLEMENTATION DATE:

Implementation begins January 1, 1998, for applicants and current recipients. Current recipients will be phased-in by December 1998.

KEY DATA/ASSUMPTIONS:

- Single-parent families must participate in work, a work activity assignment, or community service for 20 hours per week in 1997-98. Single parents with a child under six years of age will continue to participate at 20 hours per week in 1998-99. Single parents without a child under six years of age must participate 26 hours a week beginning July 1, 1998.
- One or both of the parents in two-parent families must participate in work, a work activity assignment, or community service for a combined total of 35 hours per week.
- Nonneedy caretakers, families with a severely disabled parent or child, or a single parent with a child under six months old are exempt from work requirements.
- All nonexempt single adults not working 20 or more hours per week will attend Job Search. One of the parents in two-parent households where a combined number of hours worked by both parents does not meet 35 hours of work, will attend Job Search.
- Approximately 19 percent of the cases at intake will be currently working. This is based on the Job Readiness Survey which was adjusted for seasonality.
- Based on data from a Manpower Demonstration Research Project study of employment success in implementing the Greater Avenues for Independence (GAIN) Program, it is assumed that approximately 14 percent will become employed from Job Search in 1997-98. Based on phase in assumptions and data from in Los Angeles County’s current GAIN program regarding the number of employment for the period of January through March 1997, it is assumed approximately 18 percent will become employed from Job Search in 1998-99.
- Of the percent employed from Job Search, approximately 79 percent will be working while on aid, and 21 percent will terminate from aid. This is based on GAIN County Performance Demonstration Project (CPDP) experience regarding the ratio of grant reductions to terminations resulting from employment.
- From all other employment services approximately .84 percent per month will become employed from other employment services in 1997-98, and 1.08 percent per month 1998-99. Of those who obtain employment 79 percent will be working on aid, and 21 percent will terminate from aid.
- It was assumed that Los Angeles County will implement CalWORKs employment services in April of 1998. Due to retrospective budgeting, the grant savings from the caseload exits will start June of 1998.

Exits Due To Employment

- It was assumed that the other 57 counties will implement CalWORKs employment services by February 1998. Due to retrospective budgeting, the grant savings from the caseload exits will start April of 1998.
- Data were used from the Job Readiness Survey and results from the CPDP counties to develop the number of cases that will gain employment resulting from the CalWORKs work requirements.
- Data from the CPDP counties indicate that average length of exit from aid was nine months.
- The October 1996 AFDC Characteristics Survey was utilized to determine the average one-parent and two-parent grant utilizing the CalWORKs grant computation. The resulting average grant per one-parent case is $498.79, and the average grant per two-parent case is $588.26.

METHODOLOGY:

The estimated caseload exits were multiplied by the average length of exit from aid and the average grant.

FUNDING:

The savings from this premise are shared at the ratios of 50 percent federal, 47.5 percent state, and 2.5 percent county.

CHANGE FROM PRIOR SUBVENTION:

This premise has been updated to reflect the May Revise of the Governor's Budget caseload projections.

REASON FOR YEAR-TO-YEAR CHANGE:

The current year reflects a six-month cost. The budget year reflects a 12-month cost.

CASELOAD:

	1997-98[2]	1998-99
Average Monthly Caseload	- 951	-13,688

EXPENDITURES:

(in 000's)

	1997-98		1998-99	
	Grant	County Admin.	Grant	County Admin.
Total	-$2,445	-$201	-$80,723	-$7,082
Federal	-1,223	-101	-40,362	-3,541
State	-1,161	-70	-38,343	-2,479
County	-61	-30	-2,018	-1,062
Reimbursements	0	0	0	0

[2] The average monthly caseload in 1997-98 is for the period of January through June of 1998.

Grant Reductions Due To Earnings

DESCRIPTION:

The California Work Opportunity and Responsibility to Kids (CalWORKs) Program requires nonexempt able-bodied applicants and recipients to participate in work activities. These activities will include employment, Job Club/Job Search, community service, on the job training, etc. It is anticipated that this new work requirement will result in increased employment. This premise reflects the savings associated with able-bodied adults working more as a result of the work requirements, and, therefore, receiving a smaller grant.

IMPLEMENTATION DATE:

This premise was implemented on January 1, 1998.

KEY DATA/ASSUMPTIONS:

- Data were used from the Job Readiness Survey and results from County Performance Demonstration Project counties to develop the number of cases that will include increased hours of employment resulting from the CalWORKs work requirements.
- Single-parent families must participate in work, a work activity assignment, or community service for 20 hours per week in 1997-98. Single parents with a child under six years of age will continue to participate at 20 hours per week in 1998-99. Single parents without a child under six years of age must participate 26 hours a week beginning July 1, 1998.
- One or both of the parents in two-parent families must participate in work, a work activity assignment, or community service for a combined total of 35 hours per week.
- It is assumed that non-needy caretakers, families with a severely disabled parent or child, or a single parent with a child under six months old are exempt from work requirements.
- All nonexempt single adults not working 20 or more hours per week will attend Job Search. One of the parents in two-parent households where a combined number of hours worked by both parents does not meet 35 hours of work, will attend Job Search.
- Approximately 19 percent of the cases at intake will be currently working. This is based on the Job Readiness Survey which was adjusted for seasonality.
- Based on data from a Manpower Demonstration Research Project study of employment success in implementing the Greater Avenues for Independence (GAIN) Program, it is assumed that approximately 14 percent will become employed from Job Search in 1997-98. Based on phase-in assumptions and data from Los Angeles County’s current GAIN Program regarding the number of employed for the period of January through March 1997, it is assumed approximately 18 percent will become employed from Job Search in 1998-99.
- Of the percent employed from Job Search, approximately 79 percent will be working while on aid, and 21 percent will terminate from aid. This is based on GAIN County Performance Demonstration Project experience regarding the ratio of grant reductions to terminations resulting from employment.

Grant Reductions Due To Earnings

- From all other employment services approximately .84 percent per month will become employed in 1997-98, and 1.08 percent per month in 1998-99. Of those who obtain employment 79 percent will be working on aid, and 21 percent will terminate from aid.
- It was assumed that Los Angeles County will implement CalWORKs employment services in April of 1998. Due to retrospective budgeting, the grant savings from the caseload exits will start June of 1998.
- It was assumed that the other 57 counties will implement CalWORKs employment services by February 1998. Due to retrospective budgeting, the grant savings from the caseload exits will start April of 1998.
- Data were used from the Job Readiness Survey and results from the County Performance Demonstration Project counties to develop the number of cases that will gain employment resulting from the CalWORKs work requirements.
- It was assumed that 65 percent of those assistance units (AUs) with increased earnings would include recipients working on average 32 hours per week at minimum wage.
- Recipients in the remaining AUs would work on average 16 hours per week at minimum wage.
- In AUs working 32 hours a week, the gross monthly income is $797.
- In AUs working 16 hours a week, the gross monthly income is $398.
- The monthly savings per case for those AUs with 32 hours are $286, and $86 for AUs with 16 hours.
- Data from the County Performance Demonstration Project counties indicate that average length of savings from employment was six months.

METHODOLOGY:

The weekly income of the AUs with earnings was determined by multiplying the minimum wage ($5.75) and the hours worked. The weekly-earned income was multiplied by 4.33 weeks to determine the monthly income. The net nonexempt monthly income was determined by utilizing the CalWORKs grant calculation (see CalWORKs Grant Structure Premise). In the CalWORKs grant structure the net nonexempt income is deducted from the maximum aid payment (MAP) to determine the monthly grant. Therefore the net nonexempt income is the savings per case. The savings per case were multiplied by the projected caseloads and the average length of employment savings to determine the value of the premise.

FUNDING:

The savings from this premise are shared at the ratios of 50 percent federal, 47.5 percent state, 2.5 percent county.

CHANGE FROM PRIOR SUBVENTION:

This premise has been revised to display only the anticipated savings resulting from employment in excess of the rates prior to implementation of CalWORKs.

Grant Reductions Due To Earnings

REASON FOR YEAR-TO-YEAR CHANGE:

The savings increase in the budget year due to the accumulation of cases with grant reductions due to earned income.

CASELOAD:

	1997-98[3]	1998-99
Average Monthly Caseload	5,519	21,334

EXPENDITURES:

(in 000's)

	1997-98	1998-99
	Grant	Grant
Total	-$3,576	-$55,298
Federal	-1,788	-27,649
State	-1,699	-26,267
County	-89	-1,382
Reimbursements	0	0

[3] 1997-98 is the six-month average spanning the period of January through June 1998.

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CalWORKs Failure to Participate

DESCRIPTION:

This premise is the estimated savings resulting from sanctions due to an able-bodied recipient's failure to meet the California Work Opportunity and Responsibility to Kids (CalWORKs) work activity requirements. AB 1542 (Chapter 270, Statutes of 1997) created the California Work CalWORKs program, replacing the Aid to Families with Dependent Children (AFDC) Program effective January 1, 1998. CalWORKs will require nonexempt able-bodied applicants and recipients to participate in work activities. These activities will include employment, Job Club/Job Search, community service, on the job training, etc. Those recipients who fail to meet the work activity requirements shall be subject to a sanction equal to their removal from the assistance unit (AU).

IMPLEMENTATION DATE:

This premise implemented January 1, 1998.

KEY DATA/ASSUMPTIONS:

- Based on data from the Greater Avenues for Independence (GAIN) program, it is estimated that four percent of the nonexempt able-bodied population will receive a work sanction.
- Based on a phone survey of counties it is assumed the average length of time for work sanctions is four months.
- Utilizing the CalWORKs grant structure, the October 1996 AFDC Characteristics Survey was used to determine the average one-parent and two-parent grants for AUs with adults. The average grant was then computed after removing the adult's needs from the maximum aid payment (MAP). The difference between these two grants is the estimated savings per case. For one-parent and two-parent cases the savings are $136.16 and $188.10, respectively.

METHODOLOGY:

The nonexempt able-bodied population was multiplied by four percent to determine the number of sanctioned AUs. The fiscal impact is the product of the estimated savings per case and the sanctioned AUs.

FUNDING:

This premise is Temporary Assistance for Needy Families eligible. The savings associated with this premise are share at the ratio of 50 percent federal, 47.5 percent state, and 2.5 percent county.

CHANGE FROM PRIOR SUBVENTION:

This premise has been updated based on the May Revise of the Governor's Budget caseload estimate.

CalWORKs Failure to Participate

REASON FOR YEAR-TO-YEAR CHANGE:

The current year estimated savings are for the six-month period of January 1998 through June 1998. The budget year estimate reflects 12 months of savings and the accumulation of the sanction caseload.

CASELOAD:

	1997-98	1998-99
Average Monthly Caseload	5,772	40,359

EXPENDITURES:

(in 000's)

	1997-98	1998-99
	Grant	Grant
Total	-$3,342	-$68,738
Federal	-1,671	-34,369
State	-1,587	-32,651
County	-84	-1,718
Reimbursements	0	0

Asset Limit

DESCRIPTION:

The California Work Opportunity and Responsibility to Kids (CalWORKs) Program replaces the Aid to Families with Dependent Children (AFDC) Program effective January 1, 1998. The CalWORKs Program replaces the AFDC liquid asset limits and institutes limits that conform to the resource regulations of the Food Stamp Program. The liquid asset limitation increases from $1,000 to $2,000 and the vehicle limit changes from the AFDC $1,500 limit to the three-step Food Stamp Program vehicle valuation. This premise is the estimated fiscal impact of these asset changes.

IMPLEMENTATION DATE:

This premise implemented January 1, 1998.

KEY DATA/ASSUMPTIONS:

The California Department of Social Services conducted a survey of applications for AFDC denied in the month of October 1997. The Denied Application Survey was conducted in the counties of Los Angeles, San Diego, Orange, and Riverside.

Grant:

- CalWORKs increases the resource limit from $1,000 to $2,000. Therefore, applicants with resources between $1,000 to $2,000 are eligible for benefits. Within the survey's database, applications denied for other reasons were excluded. After this exclusion there were no applications denied because of liquid asset within this range. ***Based on this finding it is assumed that this change in eligibility requirements will not result in any additional program cost*.**
- CalWORKs increases the vehicle resource limit from $1,500 to the Food Stamp Program vehicle valuation method. Within the survey database, all applicants denied for vehicle valued within this range were tracked on the Medi-Cal Eligibility Data System to ascertain that applicants with excess value vehicles were not able to qualify for aid at a later date. Based on this survey data, it is assumed that 1.42 percent of the one-parent denied applicants and 0.92 percent of the two-parent denied applicants will now qualify for aid as the result of the change in vehicle valuation.
- The CA 237 report provides monthly data on the applications approved, denied and withdrawn. A ratio was established between the cash grant cases and the number of application taken. The ratio is 5.1988 percent. This ratio was multiplied by the projected basic one-parent and two-parent caseloads to determine the applications for the current and budget fiscal years.
- Using the CA 237 data a nonapproval ratio was developed. This ratio is 54.50 percent. This ratio was multiplied with the projected applications to develop the number of projected nonapprovals.
- Utilizing the October 1996 AFDC Characteristics Survey database, it was determined that the average costs per one-parent and two-parent case are $473.43 and $558.47 respectively.
- The longitudinal database provides a monthly attrition ratio for new applicants.

Administration:

- It is assumed that administrative savings will result from CalWORKs adopting the Food Stamp Program vehicle valuation regulations. This elimination of the dual vehicle evaluation requirement (the Food Stamp Program valuation plus the AFDC Program valuation) will result in administrative savings of 10 minutes per application in which the assistance unit has a motor vehicle. The projected hourly cost of an eligibility worker is $56.75 in 1997-98 and $58.07 in 1998-99.

Asset Limit

- Increasing the value of the vehicle limit will result in additional cases being added to the caseload. The administrative cost for carrying a continuing case is $39.81 in 1997-98 and $40.60 in 1998-99.

METHODOLOGY:

The projected denied applications were multiplied by the vehicle denial ratio to determine the projected monthly vehicle denials. The monthly attrition rate from the longitudinal database was applied to these newly eligible cases. This caseload was multiplied by the cost per case to determine the cost of increasing the vehicle limit.

The administrative cost/savings are the sum of the following:

- Administrative cost is the product of the monthly administrative cost for a continuing case and the newly eligible caseload.
- Administrative savings due to single vehicle valuation are the product of the applications with vehicles, 10 minutes of eligibility worker time and the hourly rate of an eligibility worker.

FUNDING:

The costs of this premise are shared at the ratios of 50 percent federal, 47.5 percent state, and 2.5 percent county.

CHANGE FROM PRIOR SUBVENTION:

This premise has been updated to reflect data from the October 1997 Denied Application Survey and the basic one-parent and two-parent caseload projections for the May Revise of the Governor's Budget.

REASON FOR YEAR-TO-YEAR CHANGE:

The grant cost increase in the budget year is due to the accumulation of eligible cases.

CASELOAD:

	1997-98	1998-99
Vehicle Average Monthly Caseload	828	2,340

EXPENDITURES:

(in 000's)

	1997-98		1998-99	
	Grant	County Admin.	Grant	County Admin.
Total	$2,438	-$1,091	$13,787	-$1,285
Federal	1,220	-545	6,894	-642
State	1,158	-382	6,549	-450
County	60	-164	344	-193
Reimbursements	0	0	0	0

Lump Sum as a Resource

DESCRIPTION:

Welfare and Institutions Code 11157(a), as amended by AB 1542 (Chapter 270, Statutes of 1997), changed the treatment of nonrecurring (or "lump sum") income in the California Work Opportunity and Responsibility to Kids Program. This premise shows the cost of this change.

Under the old Aid to Families with Dependent Children (AFDC) rule, when an assistance unit (AU) receives a lump sum, the AU was ineligible for a period of months (the "period of ineligibility," or POI). The POI was calculated by dividing the amount of the lump sum by the AU's minimum basic standard of adequate care (MBSAC) plus any special needs (SN). The MBSAC/SN amount represented the "needs" of the AU.

Under CalWORKs, a lump sum is treated as income in the month received. Any portion remaining on the first of the month after the month of receipt is treated as a resource.

The cost of changing the rule is the amount of aid that would be paid to cases that would otherwise be discontinued due to receipt of a lump sum.

IMPLEMENTATION DATE:

This premise became effective January 1, 1998.

KEY DATA ASSUMPTIONS:

- AUs with income greater than 185 percent of the applicable MBSAC amount (the current gross income limit for AFDC) are assumed lump sum recipients. Review of the August 1991 AFDC Discontinuance Survey revealed three such cases out of 577 for one-parent families and five of 543 for two-parent families. This results in a one-parent lump sum frequency ratio of .005199 and a two-parent ratio of .009208.
- The rate of discontinuance for lump sum is the lump sum frequency ratio multiplied by the overall discontinuance rate. Data from the ABCD 253 Report for Fiscal Year (FY) 1995-96 showed an overall discontinuance rate of .06400 for one-parent families and .06398 for two-parent.
- The average grant for AUs receiving lump sum income is the average grant for cases with income using the CalWORKs grant computation method. Review of the survey showed the average grant for cases with income was $225.08 for one-parent families and $293.14 for two-parent.
- Currently, and under Temporary Assistance for Needy Families (TANF)/CalWORKs, cases with a POI of "1" or less are "suspended" (i.e., not paid) for one month. Therefore, the cost of the change is the amount of aid corresponding to the length of the POI over one month.

Lump Sum as a Resource

METHODOLOGY:

- For both one-parent and two-parent families, the lump sum frequency ratio was multiplied by the overall discontinuance rate to derive the lump sum discontinuance frequency. This frequency was multiplied by the basic caseload to calculate the lump sum caseload.
- Using survey data, assumed lump sum cases were recalculated to derive the POI. The POI was reduced by "1" to derive the adjusted POI.
- The average grant amount was multiplied by the lump sum caseload and also by the adjusted POI to determine the grant cost.

FUNDING:

These costs are TANF eligible. Costs are shared at the rate of 50 percent federal, 47.5 percent state and 2.5 percent county.

CHANGE FROM PRIOR SUBVENTION:

The premise was updated to reflect current caseload projections.

REASON FOR YEAR-TO-YEAR CHANGE:

Basic cases decrease between FY 1997-98 and FY 1998-99 due to the projected caseload decline. The budget year expenditures show a full-year impact.

CASELOAD:

	1997-98	1998-99
Average Monthly Caseload	273[1]	254

[1]-Average monthly caseload from January 1, 1998.

EXPENDITURES:

(in 000's)

	1997-98	1998-99
	Grant	Grant
Total	$977	$1,834
Federal	489	917
State	464	871
County	24	46
Reimbursements	0	0

Greater Avenues for Independence (GAIN) Program - Basic

DESCRIPTION:

This program required certain heads of Temporary Assistance for Needy Families (TANF) households to participate in employment and training service programs as a condition of grant eligibility. AB 2580 (Chapter 1025, Statutes of 1985) mandated a statewide program to assist certain Aid to Families with Dependent Children (AFDC)/TANF Program recipients in obtaining unsubsidized employment. The required employment/training services were tailored to the specific needs of the individual as determined by staff of county welfare offices. Recipients were reimbursed the costs of transportation, training-related expenses, and child care. The program was also available to exempt AFDC recipients on a voluntary basis. Administration was at the county level. This program expired on January 1, 1998, with the implementation of the California Work Opportunity and Responsibility to Kids (CalWORKs) Program.

IMPLEMENTATION DATE:

The Family Support Act of 1988 (Public Law 100-485) introduced federal law that required states to implement the Job Opportunities and Basic Skills Program by October 1, 1990. California implemented the program on July 1, 1989.

KEY DATA/ASSUMPTIONS:

- Fiscal Year (FY) 1997-98 includes and General Fund levels established in the budget and county funding, which is a capped maintenance of effort (MOE) at the 1992-93 expenditure level.
- This funding level is reduced by the federal, state, and county share of costs for the Tribal TANF and the Recent Noncitizen Entrants employment services programs. For more information on those programs see the individual premise descriptions.

METHODOLOGY:

The capped amount of nonfederal funds were used to draw down the federal Title IV-F funds on a dollar-for-dollar basis, until 1997-98 when TANF funds replaced the Title IV-F federal funds. The individual funding levels in FY 1997-98 were reduced by the federal, state, and county share of costs for the Tribal TANF and the Recent Noncitizen Entrants employment services programs.

FUNDING:

Depending on the type of program activity and eligible funding source, the GAIN Program costs were shared by federal, state and county governments. Nonfederal funding for GAIN consisted of General Fund levels established in the budget and county funding, which was a capped MOE at the 1992-93 expenditure level.

Greater Avenues for Independence (GAIN) Program - Basic

CHANGE FROM PRIOR SUBVENTION:

The individual funding levels in FY 1997-98 were reduced by the federal, state, and county share of costs for the Tribal TANF and the Recent Noncitizen Entrants employment services programs.

REASON FOR YEAR-TO-YEAR CHANGE:

The FY 1997-98 estimate includes the funds for current recipients in the program. Beginning January 1, 1998, the current recipients will be phased-in to the new CalWORKs Program. In FY 1998-99, the funds for these participants are included in the "Employment Services - CalWORKs Basic" premise.

CASELOAD:

	1997-98	1998-99
Average Monthly Caseload	92,959	*

EXPENDITURES:

(in 000's)

	1997-98	1998-99
	Services	
Total	$191,759	*
Federal	101,370	
State	72,621	
County	17,768	
Reimbursements	0	

* Please see "Reason For Year-To-Year Change".

GAIN Augmentation

DESCRIPTION:

Funding is being provided to counties in order to enable them to move towards meeting the federal work requirements. As a result of Public Law 104-193 (the federal welfare reform legislation), all adults receiving funds from the Aid to Families with Dependent Children (AFDC) Program must work as soon as determined ready, or after being aided for 24 months. Additionally, the legislation provides work participation standards which states must meet, or face fiscal penalties. Additional funding is being provided to counties in order to enable them to move towards meeting these requirements. The funding became available as a result of a funding shift from AFDC to the Temporary Assistance for Needy Families (TANF) block grant.

IMPLEMENTATION DATE:

This premise implemented on January 1, 1997.

FUNDING:

This augmentation is 100 percent TANF federal funds.

CHANGE FROM PRIOR SUBVENTION:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

No additional funds will be necessary in the budget year because the Greater Avenues for Independence Program will no longer exist.

EXPENDITURES:

(in 000's)

	1997-98	1998-99
	Grant	Grant
Total	$119,000	$0
Federal	119,000	0
State	0	0
County	0	0
Reimbursements	0	0

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California Work Opportunity and Responsibility to Kids (CalWORKs) Program Basic

DESCRIPTION:

This program requires certain heads of Temporary Assistance for Needy Families (TANF) households to participate in employment and training service programs as a condition of grant eligibility. As a result of Public Law 104-193, the federal welfare reform legislation establishing the TANF Program, all adults receiving TANF funds must work as soon as determined ready, or after being aided for 24 months. Additionally, the legislation provides work participation standards which states must meet, or face fiscal penalties. AB 1542 (Chapter 270 Statutes of 1997) mandates the implementation of the CalWORKs Program in order to move towards meeting these requirements. The employment services provided under CalWORKs include an up-front job search, assessment, subsidized and unsubsidized employment, job development, work experience, completion of a high school diploma or its equivalent, vocational employment training, and community service.

IMPLEMENTATION DATE:

Implementation begins January 1, 1998, for applicants and current recipients. Current recipients will be phased in by December 1998.

KEY DATA/ASSUMPTIONS:

- Single-parent families must participate in work, a work activity assignment, or community service for 20 hours per week in 1997-98. Single parents with a child under six years of age will continue to participate at 20 hours per week in 1998-99. Single parents without a child under six years of age must participate 26 hours a week beginning July 1, 1998.
- One or both of the parents in two-parent families must participate in work, a work activity assignment, or community service for a combined total of 35 hours per week.
- Non-needy caretakers, families with a severely disabled parent or child are exempt from work requirements, and for purposes of estimating a statewide average, single parents with a child under six months old are assumed to be exempt.
- All nonexempt single adults not working 20 or more hours per week will attend Job Search. One of the parents in two-parent households where a combined number of hours worked by both parents does not meet 35 hours of work, will attend Job Search.
- Approximately 19 percent of the cases at intake will be currently working. This is based on the Job Readiness Survey which was adjusted for seasonality.
- Based on data from a Manpower Demonstration Research Project study of employment success in implementing the Greater Avenues for Independence (GAIN) Program, it is assumed that approximately 14 percent will become employed from Job Search in 1997-98. Based on phase-in assumptions and data from Los Angeles County's current GAIN Program regarding the number of employments for the period of January through March 1997, it is assumed approximately 18 percent will become employed from Job Search in 1998-99.

California Work Opportunity and Responsibility to Kids (CalWORKs) Program Basic

- Of the percent employed from Job Search, approximately 79 percent will be working while on aid, and 21 percent will terminate from aid. This is based on GAIN County Performance Demonstration Project experience regarding the ratio of grant reductions to terminations resulting from employment.
- From all other employment services approximately .84 percent per month will become employed from other employment services in 1997-98, and 1.08 percent per month in 1998-99. Of those who obtain employment 79 percent will be working on aid, and 21 percent will terminate from aid.
- One hour of administrative time is assumed for the development of a work plan for all adults working the required number of hours.
- Those participating in Job Search but not obtaining employment for a sufficient number of hours will be assessed and a work plan developed. A total of four and one-half hours of administrative time is assumed for the assessment and the work plan.
- The work plan will determine which of the following activities the participants will attend to fulfill their required numbers of hours.

<u>Adult Basic Education (ABE)</u>

- ♦ Twenty-four percent of those not working will attend based on the Job Readiness Survey, using the percentage that could not obtain/retain employment because of the lack of a diploma or an education.
- ♦ All those attending an ABE program will also have to participate in another work activity to fulfill their required numbers of hours.

<u>Employment-Related Education and Training</u>

- ♦ Twenty-five percent of those not working will attend based on information from the California Community Colleges Chancellor’s Office on Fiscal Year (FY) 1994-95 participation rates for Aid to Families with Dependent Children Program recipients in vocational education classes.
- ♦ Those attending vocational training classes will also have to participate in another work activity to fulfill their required numbers of hours.

<u>Community Service</u>

- ♦ Twenty percent of those not working will participate in community service to meet their participation requirements. This is based on the Job Readiness Survey that identified recipients that could not obtain/retain employment because of the lack of a job skill.

<u>Work Experience/On-the-Job Training (OJT)</u>

- ♦ Thirty-one percent of those not working will participate in some form of work experience or OJT activity for their required hours.

California Work Opportunity and Responsibility to Kids (CalWORKs) Program Basic

Part-Time Employment

- ♦ The estimate assumes 32 percent of the single-parent families working on aid and 58 percent of the two-parent families will be required to supplement work with community service because their work hours are below the mandatory amount. This is based on the Job Readiness Survey using the percentage who report current work hours of 20/35 or less per week.

Mental Health Services

- ♦ All aided adults are eligible for, and may be required to attend, these services regardless of any other activity. One-half hour of county administrative time per month is provided in connection with these services. For estimated caseload and cost of services see the individual premise description.

Substance Abuse Services

- ♦ All aided adults are eligible for, and may be required to attend, these services regardless of any other activity. One-half hour of county administrative time per month is provided in connection with these services. For estimated caseload and cost see the individual premise description.

- Cost per Component

  In 1997-98, an average monthly cost per case of $119 was used for those recipients who are participating in ABE, employment-related education/training, work experience and community service as needed to fulfill their participation requirements. This cost was based on a weighted average of the current GAIN cost and participation levels for these components:

  - ♦ $124 for ABE/concurrent activity ($67 for General Educational Development and $56 for one hour of case management).
  - ♦ $132 for employment-related education and training/concurrent activity ($75 for education and training, and $56 for one hour of case management).
  - ♦ $146 for work experience/OJT activities (based on current cost, including case management, in similar components of the GAIN Program.
  - ♦ $57 for community service only and supplementary community service for those employed part time, based on one hour of case management cost at $56.75; one-half hour of this time is for development of work slots based on staffing data from Orange County's General Assistance Work Program and statewide average eligibility worker (EW) costs.
  - ♦ $12 per person for transportation and ancillary is available to all recipients who are participating in work activities each month, based on current GAIN costs per month averaged over total GAIN participants.

- Beginning in SFY 1998-99, the federal, state, and county shares are decreased to account for the recent noncitizen entrants and the tribal TANF programs. Please see those individual premise descriptions for more information on the effect of those premises.

California Work Opportunity and Responsibility to Kids (CalWORKs) Program Basic

FUNDING:

The funding in FY 1997-98 is shared at 50 percent TANF federal funds and 50 percent state funds. In FY 1998-99 the State General Fund and the county fund levels were held at the 1997-98 total amount for the GAIN/CalWORKs Program, and the TANF funds were increased to meet the estimated need.

CHANGE FROM PRIOR SUBVENTION:

The premise has been updated for new caseload and the actual worker compensation contract cost. The worker compensation costs were not included in the individual cost per component. Instead, the actual cost of the worker compensation contract, $1.2 million in FY 1997-98 and $2.5 million in FY 1998-99, was added after the total component costs were identified. In FY 1998-99 the costs for recent noncitizen entrants ($2.8 million state and county share) and tribal TANF ($0.2 million, $0.1 million federal share and $0.1 million state and county share) were shifted to those premise items.

REASON FOR YEAR-TO-YEAR CHANGE:

The increase in the budget year is the net effect of increases as a result of the cases phasing into the CalWORKs program and the statewide eligibility worker average cost per hour, and decreases due to the recent noncitizen entrants and the tribal TANF programs, and the update to the actual worker compensation contract amount.

California Work Opportunity and Responsibility to Kids (CalWORKs) Program Basic

CASELOAD:

	1997-98			1998-99		
Component	Monthly Cost Per Person	Average Persons Per Month	Annual Cost (in 000's)	Monthly Cost Per Person 1/	Average Persons Per Month	Annual Cost (in 000's)
Job Search	$525.00	33,901	$106,789	$525.00	24,319	$153,211
Work Plan	56.75	6,874	2,203	58.07	5,529	3,853
Assessment	241.19	30,709	37,033	246.80	22,272	65,959
Employed Part Time	119.25	11,524	6,871	120.16	37,666	54,311
Employment Service and Training	119.25	70,099	33,436	120.16	301,222	434,332
Alcohol and Drug - Case Management	28.38	6,430	730	29.04	23,800	8,292
Mental Health - Case Management	28.38	22,935	2,603	29.04	84,885	29,576
Transportation & Ancillary	12.00	126,996	9,144	12.00	381,390	54,920
Worker Compensation			1,200			2,500
Recent Noncitizen Entrants						-2,780
Tribal TANF						-176
TOTAL			$200,009			$803,998

1/Adjusted for an increase in the average EW cost per hour.

California Work Opportunity and Responsibility to Kids (CalWORKs) Program Basic

EXPENDITURES:

(in 000's)

	1997-98	1998-99
	Grant	Grant
Total	$200,009	$803,998
Federal	119,966	726,656
State	80,043	56,437
County	0	20,905
Reimbursements	0	0

California Work Opportunity and Responsibility to Kids (CalWORKs) Services - Welfare to Work Match

DESCRIPTION:

This premise provides for the required first-year match of $95 million for welfare-to-work grants designated for allocation to the counties to supplement the CalWORKs employment services activities. The federal Balanced Budget Act of 1997 authorizes the U. S. Department of Labor (DOL) to provide welfare-to-work grants to states and local communities to create additional job opportunities for the hardest-to-employ recipients of Temporary Assistance to Needy Families (TANF) benefits. The federal statute generally defines the hard-to-employ as recipients on welfare more than 30 months who are the most difficult to serve because of lack of education, substance abuse problems, or poor work history. The job creation activities include wage subsidies, on-the-job training, job placement, and post-employment services.

The Employment Development Department (EDD) is the single state agency responsible for receipt of the welfare-to-work grant. EDD submitted its state plan to DOL in March 1998, and upon the plan's approval by DOL, EDD will have 30 days to allocate 85 percent of the federal funds on a formula basis to the 52 Private Industry Councils to train and place welfare clients in jobs. The remaining 15 percent will be retained for use in other welfare-to-work projects.

California will receive a total of $363 million of federal welfare-to-work formula grant funds from DOL, $190 million in the first year and $173 million in the second year, for employment services. These grants are required to be matched on a 2:1 federal:state basis. Use of funds within the CalWORKs Program as a match is permitted as long as the match is expended on eligible recipients under the welfare-to-work definitions.

IMPLEMENTATION DATE:

This premise will implement on July 1, 1998.

KEY DATA/ASSUMPTIONS:

- The $95 million match expended by the counties will be for recipients who meet the following welfare-to-work eligibility requirements:
- This welfare-to-work match cannot be applied toward the TANF maintenance of effort requirement.

METHODOLOGY:

The $95 million match is based on the federal welfare-to-work grant amount of $190 million, and the required 2:1 federal:state match.

FUNDING:

The match is 100 percent General Fund (GF) and is reflected under CalWORKs Services. The federal funds are in the EDD budget.

California Work Opportunity and Responsibility to Kids (CalWORKs) Services - Welfare to Work Match

CHANGE FROM PRIOR SUBVENTION:

The amount of funds was updated to the actual GF required to draw down the federal funds in EDD's budget.

REASON FOR YEAR-TO-YEAR CHANGE:

This is a new premise in Fiscal Year 1998-99.

EXPENDITURES:

(in 000's)

	1997-98 Services	1998-99 Services
Total	$0	$95,209
Federal	0	0
State	0	95,209
County	0	0
Reimbursements	0	0

CalWORKs Augmentation

DESCRIPTION:

Additional funds were appropriated by the Legislature in 1997-98 to ensure that adequate funding is available to implement the California Work Opportunity and Responsibility to Kids (CalWORKs) Program. As a result of Public Law 104-193, the federal welfare reform legislation, all adults receiving Temporary Assistance for Needy Families (TANF) Program funds must work as soon as determined ready, or after being aided for 24 months. Additionally, the legislation provides work participation standards which states must meet, or face fiscal penalties. AB 1542 (Chapter 270 Statutes of 1997) mandates the implementation of the CalWORKs Program in order to move towards meeting these requirements.

IMPLEMENTATION DATE:

This premise was implemented on January 1, 1998.

FUNDING:

This augmentation is 100 percent TANF federal funds.

CHANGE FROM PRIOR SUBVENTION:

The Joint Legislative Budget Committee denied a $42.9 million increase to the Budget Act appropriation. In addition, funds from this premise were shifted to the CalWORKs Basic Premise to provide for full funding of that premise.

REASON FOR YEAR-TO-YEAR CHANGE:

No additional funds will be provided in the budget year.

EXPENDITURES:

(in 000's)

	1997-98 Grant	1998-99 Grant
Total	$22,597	$0
Federal	22,597	0
State	0	0
County	0	0
Reimbursements	0	0

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Substance Abuse Services

DESCRIPTION:

This premise provides for the treatment of substance abuse for California Work Opportunity and Responsibility to Kids (CalWORKs) Program welfare to work participants. The county welfare department and the county alcohol and drug departments are required to collaborate to ensure an effective system is available to provide for evaluations and substance abuse treatment. AB 1542 (Chapter 270, Statutes of 1997) mandates the implementation of the CalWORKs Program. In addition it mandates, to the extent that funding is available, that counties provide for the treatment of substance abuse that may limit or impair a participant's ability to make the transition from welfare to work or retain employment over a long period of time.

IMPLEMENTATION DATE:

This premise was implemented on January 1, 1998.

KEY DATA/ASSUMPTIONS:

- Caseload is based on a Center on Addiction and Substance Abuse study, which estimated that 20 percent of recipients have substance abuse problems. It is assumed that 30 percent of the 20 percent (6 percent of all adults) will enter treatment.
- Information was provided by the Department of Alcohol and Drug Program (DADP) regarding the number of Temporary Aid for Needy Families Program recipients currently being served in DADP programs, and the corresponding expenditures. Based on the expenditure and caseload data provided by the DADP, a monthly cost per person of $448 for substance abuse treatment services was used.
- Although this program implements in January 1998, it is assumed that the recipients will not begin receiving services until March of 1998. Phase-in of the program will take one year, and the full impact will be realized by March of 1999.

METHODOLOGY:

The total casemonths of adults assumed to be in need of service were multiplied by the average monthly cost per case. The current funding available, based on the baseline expenditures for recipients currently receiving services, is then subtracted from the total estimated need for all recipients to indicate the total funding needed in the Department's budget.

FUNDING:

This premise is funded with $13.5 million General Fund (GF) in 1997-98, and $55 million GF in 1998-99, of which $1.5 million each year is transferred to DADP to be used to draw down Title XIX funds in DADP's budget. The Department also receives $5 million in federal Substance Abuse Prevention Treatment Block Grant each year as a reimbursement from DADP.

Substance Abuse Services

CHANGE FROM PRIOR SUBVENTION:

The estimate was updated for new caseload projections.

REASON FOR YEAR-TO-YEAR CHANGE:

The increase in the budget year is the effect of the cases phasing into the CalWORKs Program.

CASELOAD:

	1997-98*	1998-99
Average Monthly Caseload	6,430	23,800

* Average monthly caseload from March 1998.

EXPENDITURES:

(in 000's)

	1997-98	1998-98
	Grant	Grant
Total	$18,500	$59,675
Federal	0	0
State	13,500	54,675
County	0	0
Reimbursements	5,000	5,000

Mental Health Services

DESCRIPTION:

This premise provides for the treatment of mental or emotional difficulties for California Work Opportunity and Responsibility to Kids (CalWORKs) Program welfare to work participants. AB 1542 (Chapter 270, Statutes of 1997) mandates the implementation of the CalWORKs Program. In addition it mandates, to the extent that funding is available, that counties provide for the treatment of mental or emotional difficulties that may limit or impair a participant's ability to make the transition from welfare to work or retain employment over a long period of time. Available mental health services must include assessment, case management, and treatment and rehabilitation services.

IMPLEMENTATION DATE:

This premise was implemented on January 1, 1998.

KEY DATA/ASSUMPTIONS:

- Caseload is based on an epidemiological catchment area study adjusted for poverty and social security income cases, which estimated that 21 percent of Temporary Assistance for Needy Families Program recipients have a diagnosable mental or substance abuse use disorder.
- Although this program implements in January 1998, it is assumed that the recipients will not begin receiving services until March of 1998. Phase in of the program will take one year, and the full impact will be realized by March of 1999.
- Based on State Fiscal Year (SFY) 1995-96 expenditures and caseload data provided by the Department of Mental Health (DMH), a monthly cost per case of $63 for mental health services was used.

METHODOLOGY:

The total casemonths were multiplied by the average monthly cost per case. The current available funding, based on the baseline expenditures for recipients receiving services in 1995-96, was then subtracted from the total estimated need for all recipients to indicate the funding needed in the Department's budget.

FUNDING:

This premise is funded with 100 percent General Fund (GF). These GF expenditures may be used to draw down Title XIX funds in the DMH budget in SFY 1997-98 only.

CHANGE FROM PRIOR SUBVENTION:

The estimate has been updated for caseload projections, average monthly cost per case, and the baseline expenditures.

Mental Health Services

REASON FOR YEAR-TO-YEAR CHANGE:

The increase in the budget year is the effect of the cases phasing into the CalWORKs Program.

CASELOAD:

	1997-98*	1998-99
Average Monthly Caseload	22,935	84,885

* Average monthly caseload from March 1998.

EXPENDITURES:

(in 000's)

	1997-98 Grant	1998-98 Grant
Total	$10,000	$45,169
Federal	0	0
State	10,000	45,169
County	0	0
Reimbursements	0	0

GAIN - Court Cases

DESCRIPTION:

In accordance with current policy, attorney fees resulting from settlement of lawsuits are being premised as local assistance budget items.

IMPLEMENTATION DATE:

This premise was implemented on July 1, 1996.

KEY DATA/ASSUMPTIONS:

- Legal staff determine the court cases which are expected to be completed in each fiscal year and estimate the necessary amount of attorney fees.

FUNDING:

Settlement cost for the cases will be funded by the federal and state governments based on a 50 percent federal and 50 percent state sharing ratio. There is no county share of cost.

CHANGE FROM PRIOR SUBVENTION:

This premise was updated for the actual amount of attorney fees paid in Fiscal Year (FY) 1997-98.

REASON FOR YEAR-TO-YEAR CHANGE:

There are no known court cases that will be settled in FY 1998-99.

EXPENDITURES:

(in 000's)

	1997-98 Grant	1998-99 Grant
Total	$232	$0
Federal	116	0
State	116	0
County	0	0
Reimbursements	0	0

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CalWORKs Conciliation Process

DESCRIPTION:

Within the former Greater Avenues for Independence (GAIN) Program, there was a conciliation process that allowed participants who failed to comply with the GAIN requirements an avenue through which they may come into compliance and, therefore, avoid being sanctioned. As a result of AB 1542 (Chapter 270, Statutes of 1997), the California Work Opportunity and Responsibility to Kids (CalWORKs) Program was implemented. A compliance process included as part of the CalWORKs Welfare To Work (WTW) Program reflects modifications to the former conciliation process. These modifications will result in a shorter, less complex process, requiring less administrative time.

IMPLEMENTATION DATE:

This premise implemented on January 1, 1998.

KEY DATA/ASSUMPTIONS:

- The caseload is based on the current percentage of cases per month in the GAIN conciliation process and the projected number of cases required to participate in the CalWORKs Program. Currently, approximately 16 percent of the cases per month that are required to participate are in the process of conciliation. This equates to approximately 51,000 people each month after implementation of the program.
- One hour of eligibility worker administrative time saved per case per month is assumed, at a statewide average of $56.75 for Fiscal Year (FY) 1997-98 and $58.07 in FY 1998-99.

METHODOLOGY:

The total caseload of adults estimated to be in the conciliation process was multiplied by the average monthly cost per case.

FUNDING:

This premise is shared 50 percent federal, and 50 percent State General Fund savings.

CHANGE FROM PRIOR SUBVENTION:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

The increase in savings is a result of the phase-in of the CalWORKs WTW Program.

CalWORKs Conciliation Process

CASELOAD:

	1997-98[1]	1998-99
Average Monthly Caseload	29,681	48,559

[1] Caseload is based on a six-month period from January to June 1998.

EXPENDITURES:

(in 000's)

	1997-98	1998-98
	County Admin.	County Admin.
Total	-$9,921	-$33,838
Federal	-4,960	-16,919
State	-4,961	-16,919
County	0	0
Reimbursements	0	0

County Performance Incentives

DESCRIPTION:

CalWORKs requires nonexempt able-bodied applicants and recipients to participate in work activities. These activities will include employment, Job Club/Job Search, on the job training, job development, work experience, completion of a high school diploma or its equivalent, vocational employment training, and community service. The CalWORKs Program provides fiscal incentive payments to counties for case exits due to employment, grant reductions due to earnings and the diversion of applicants. The legislative steering committee established by Assembly Bill 1542, Chapter 270, Statutes of 1997, has established the following criteria for performance incentive payments:

- A base exit rate for cases exiting with earnings will be established for each county. This base exit rate will be the average of 1994-95, 1995-96, and 1996-97 Fiscal Years. Counties will be eligible to receive an incentive payment for recipients exiting the program due to employment when that exit is over the base and has lasted a minimum of six months. Additional payments will be made for exits that continue from months seven through 12.
- Earnings by recipients that result in a reduced aid payment.
- Diversion of applicants from the program for six months in addition to the number of months equivalent to the diversion payment. The counties have designed and implemented their diversion programs. However, at this time there is insufficient data to measure the success of the 58 county diversion programs.

The incentive payment shall be 75 percent of the federal and state shares of the savings from the exits and grant reductions. In addition, the remaining 25 percent of the savings shall be allocated to counties that have not realized savings due to those outcomes but have performed in a manner worthy of recognition.

IMPLEMENTATION DATE:

This premise implemented January 1, 1998.

KEY DATA/ASSUMPTIONS:

The October 1996 Aid for Families with Dependent Children (AFDC) Characteristics Survey provided the following data:

- The average federal and state share of the monthly aid payment of an assistance unit (AU) with aided adult(s) is $501.70.
- The average federal and state share of the grant reduction due to earnings for a one-parent AU is $197.68. The share for a two-parent AU is $232.48.
- 10.55 percent of the single-parent caseload and 34.12 percent of the two-parent caseload have earnings that are sufficient to decrease the monthly aid payment.

The data and assumptions from the CalWORKs Program Basic Premise were used to develop the estimated caseloads for case exits and increased employment due to CalWORKs employment services. Please refer to that premise description for a detailed explanation of the data and assumptions.

The Medi-Cal Eligibility Data System (MEDS) was utilized to track a ten-percent sample of all AFDC AUs with an aided adult from January 1995 through December 1996. Based upon this sample, 61.71 percent of those AUs that exited the AFDC Program remained off aid for at least six consecutive months, while 55.16 percent remained off aid for 12 consecutive months.

County Performance Incentives

METHODOLOGY:

Case Exit Incentives: The monthly CalWORKs employment services exits were reduced by the six consecutive month ratio from the MEDS system. Those cases were multiplied by the average federal and state share of the monthly aid payment of an AU with aided adult(s) of $501.70 and by six to determine the incentive payment for the first six-month period. The difference between 61.71 percent (off aid six consecutive months) and 55.16 percent (off aid 12 consecutive months) was divided by six to determine the monthly decline in the exited caseload. The remaining exited cases were multiplied by $501.70 to determine the value of the incentive payments for months seven through 12. The cost for the cases remaining off aid six months was combined with the cost for the cases remaining off aid for months seven through 12 to determine the value of the incentive payments for case exits.

Grant Reduction Incentives: The basic one-parent and two-parent caseloads were multiplied by 10.55 percent and 34.12 percent respectively to determine the caseload with grant reductions due to earnings. Those caseloads were multiplied by $197.68 and $232.48 respectively to determine the value of the incentive payment for the pre-CalWORKs employed base. The one- and two-parent caseloads gaining employment through CalWORKs employment services were multiplied by $197.68 and $232.48 to determine the value of the anticipated increase in employment.

FUNDING:

This premise is funded through the Temporary Assistance for Needy Families block grant and the State General Fund.

CHANGE FROM PRIOR SUBVENTION:

This premise has been updated to reflect the criteria for incentive payments established by the legislative steering committee.

REASON FOR YEAR-TO-YEAR CHANGE:

The tracking system for case exits and grant reductions due to earnings is expected to be operational in the budget year. It is anticipated that incentive payments earned in the current year will be paid in the budget year.

EXPENDITURES:

(in 000's)

	1997-98 Grant	1998-99 Grant
Total	$0	$373,031
Federal	0	186,516
State	0	186,515
County	0	0
Reimbursements	0	0

Effect of EDD Wagner Peyser Reimbursement

DESCRIPTION:
As required in AB 2580 (Chapter 1025, Statutes of 1985), 50 percent of the available federal Wagner-Peyser funds are directed to provide for job services required for Greater Avenues for Independence (GAIN)/California Work Opportunity and Responsibility to Kids (CalWORKs) Program activities.

IMPLEMENTATION DATE:
This is an ongoing premise, based on an annual appropriation.

METHODOLOGY:
Funding amounts are identified and provided by the State Employment Development Department (EDD).

FUNDING:
EDD receives the federal funds for this program and transfers a portion to the California Department of Social Services (CDSS) as a funding source for the GAIN/CalWORKs Program. The availability of these federal funds reduces CDSS' cost of the GAIN/CalWORKs Program.

CHANGE FROM PRIOR SUBVENTION:
There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:
There is no change.

EXPENDITURES:
(in 000's)

	1997-98 Grant	1998-99 Grant
Total	$2,735	$2,735
Federal	0	0
State	0	0
County	0	0
Reimbursements	2,735	2,735

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TANF Pass-Through For State Agencies

DESCRIPTION:

The California Community Colleges (CCC), the State Department of Education (SDE), the Employment Development Department (EDD) and other state agencies provide educational and training services to Greater Avenues for Independence (GAIN)/California Work Opportunity and Responsibility to Kids (CalWORKs) Welfare to Work Program participants. A portion of these services are performed at a maintenance of effort (MOE) level and are budgeted through the CCC, SDE, EDD, and other governmental entities. However, in order to provide the entire GAIN/CalWORKs Welfare to Work population with educational and training services, these State departments must also budget additional General Fund (GF) monies in excess of MOE expenses. The purpose of this premise is to budget federal matching funds for those General Fund expenditures above their MOE level. Beginning in Fiscal Year (FY) 1997-98 these contracts *are* funded under the Temporary Assistance for Needy Families (TANF) block grant rather than Title IV-F funds.

IMPLEMENTATION DATE:

This premise implemented on July 1, 1992.

KEY DATA/ASSUMPTIONS:

GF expenditures above the MOE level were identified as follows:

- CCC - $ 8.4 million;
- SDE - $10.0 million; and,
- EDD - $3.3 million.

METHODOLOGY:

The Department enters into an interagency agreement with these agencies to pass-through the TANF funds. The agencies are required to expend an equal amount of GF, which is counted toward the State TANF MOE. This estimate reflects actual contract amounts for FY 1997-98.

FUNDING:

This premise is funded 100 percent with TANF funds.

CHANGE FROM PRIOR SUBVENTION:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

There is no change.

TANF Pass-Through For State Agencies

EXPENDITURES:
(in 000's)

	1997-98	1998-99
	Grant	Grant
Total	$21,648	$21,648
Federal	21,648	21,648
State	0	0
County	0	0
Reimbursements	0	0

Employment Development Department Job Identification System

DESCRIPTION:

The Employment Development Department (EDD) currently operates a statewide job listing system in EDD offices and some county welfare offices that lists job vacancies. This premise provides funding to the county welfare departments to purchase and install computers for the job identification system, through which TANF recipients will have direct access to entry level job information via computers located in county welfare offices. As a result of Public Law 104-193 (the federal welfare reform legislation), all adults receiving Aid to Families with Dependent Children/Temporary Assistance for Needy Families (TANF) must work as soon as determined ready, or after being aided for 24 months. In order to move toward meeting these work requirements, funds are also be provided to EDD through an interagency agreement to fund additional job development staff positions dedicated to increasing the number of new listings for entry level jobs.

IMPLEMENTATION DATE:

This premise implemented on January 1, 1998.

KEY DATA/ASSUMPTIONS:

- One-time start-up funds for personal computer (PC) hardware, routers, and site preparation were provided in 1997-98 at a total cost of $4.8 million.
- The funds will provide for 31 job listing staff positions within EDD in 1997-98 and 58 positions in 1998-99.

METHODOLOGY:

The PC cost of $4.8 million is added to the EDD staff cost of $1.9 million for a total cost of $6.7 million in 1997-98. The EDD staff cost of $3.6 million will be the only cost in 1998-99.

FUNDING:

This premise is funded with 100 percent TANF funds.

CHANGE FROM PRIOR SUBVENTION:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

The budget year is a net result of a decrease is due to the cost of purchasing and installing computers being a cost in current year only, and an increase in the EDD staff positions requested in the budget year.

Employment Development Department Job Identification System

EXPENDITURES:

(in 000's)

	1997-98 Grant	1998-99 Grant
Total	$6,698	$3,627
Federal	6,698	3,627
State	0	0
County	0	0
Reimbursements	0	0

Recipient Child Care Training Projects

DESCRIPTION:

The Recipient Child Care Training Project is a two-year pilot to train welfare recipients to become in-home license-exempt child care providers. The primary purpose of the projects is to enhance the quality and safety of in-home license-exempt child care. The California Department of Social Services projects at least 2,000 child care providers trained throughout the State during the two-year period. Project funds cannot be used to train participants to be employees in child care centers

IMPLEMENTATION DATE:

This premise implemented on January 1, 1998.

KEY DATA/ASSUMPTIONS:

- Participants must be at least 18 years of age.
- There are 16 county projects with 29 counties participating. One project is a 14-county consortium.
- Training and other services provided cannot exceed $1,000 per participant for the two-year project. This amount must include both program services and administrative costs.

METHODOLOGY:

The Fiscal Years 1997-98 and 1998-99 estimates are held at the 1997-98 Budget Act Appropriation level.

FUNDING:

This premise is funded with 100 percent federal Child Care and Development Block Grant funds as a reimbursement from the California Department of Education.

CHANGE FROM PRIOR SUBVENTION:

There is a one-month delay in implementation from December 1997 to January 1998.

REASON FOR YEAR-TO-YEAR CHANGE:

There is no change.

EXPENDITURES:

(in 000's)	1997-98	1998-99
	County Admin.	County Admin.
Total	$1,000	$1,000
Federal	0	0
State	0	0
County	0	0
Reimbursements	1,000	1,000

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Employment Readiness Demonstration Project

DESCRIPTION:

The purpose of the Employment Readiness Demonstration Project (ERDP) is to provide services to the California Work Opportunity and Responsibility to Kids Program recipients, who have been determined to have circumstances which make it extremely difficult for them to secure and maintain an entry-level job. The ERDP seeks to achieve the following objectives: to discourage long-term welfare dependency and foster self-sufficiency; to enable individuals to participate in the welfare-to-work program who may not have been required to participate due to physical, mental, substance abuse, or domestic violence problems; and, to enable the participants to receive the support and services necessary to obtain employment.

IMPLEMENTATION DATE:

This premise will be implemented on July 1, 1998.

KEY DATA/ASSUMPTIONS:

- The total pilot will consist of 1,400 participants.
- The following counties have been selected and have projected start-up costs for Fiscal Year (FY) 1997-98 and full-year project costs for FY 1998-99: Fresno, Humboldt, Monterey/Santa Cruz, Orange, San Diego, Sonoma and Ventura.
- Counties will implement the project through the use of a vendor that would provide the services, or through the use of county staff.

METHODOLOGY:

The cumulative total of the counties' projected costs are used in FY 1997-98, and the anticipated full-year cost is displayed in FY 1998-99.

FUNDING:

This premise is 100-percent funded from Temporary Assistance for Needy Families Program federal funds.

CHANGE FROM PRIOR SUBVENTION:

This premise has been updated based on the counties' projected costs.

REASON FOR YEAR-TO-YEAR CHANGE:

The increase in the budget year is the effect of the July 1, 1998, implementation date and cases phasing into the program.

Employment Readiness Demonstration Project

EXPENDITURES:

(in 000's)

	1997-98 Grant	1998-99 Grant
Total	$19	$2,856
Federal	19	2,856
State	0	0
County	0	0
Reimbursements	0	0

Noncustodial Parent Demonstration Project

DESCRIPTION:

The California Department of Social Services is establishing pilot projects in 14 counties for a period of three years to determine whether providing enhanced services to nonpaying noncustodial parents (NCPs) would increase child support collections. Section 365 of the federal welfare reform law (PL 104-193) entitled "Work Requirements for Persons Owing Past-Due Child Support," mandates that states adopt laws requiring individuals to participate in work activities as the court deems appropriate. Since January 1, 1997, state law (section 3558 of the Family Code) permits judges to order NCPs whose children are Aid to Families with Dependent Children/Temporary Assistance for Needy Families (TANF) Program recipients, appearing before the court due to the nonpayment of child support, to attend job training and seek job placement and vocational rehabilitation services. The project will involve a cooperative effort at the state and local levels between the contractor, the district attorney's office, the county welfare office, the Department of Social Services, and the Employment Development Department.

IMPLEMENTATION DATE:

The project will have staggered implementation dates as follows: April 1, 1998, for Los Angeles and San Benito Counties, and July 1, 1998, for all other counties.

KEY DATA/ASSUMPTIONS:

- The following counties have been selected for the project: Alameda, Contra Costa, Fresno, Los Angeles, Napa, Riverside, San Benito, San Francisco, Santa Barbara, Santa Clara, San Mateo, Sonoma, Stanislaus, and Ventura.
- The number of participants will vary depending upon the county. Statewide, the anticipated annual number of participants is 8,769.
- The average cost per participant will vary depending on each county's program, and the participant's duration in the program.
- The pilot projects may provide the following services: job search, vocation-specific education and training, intensive case management, transportation and other supportive services.

METHODOLOGY:

Projected costs for Fiscal Year (FY) 1997-98 are based on Los Angeles and San Benito Counties only. Projected costs for FY 1998-99 are based on all 14 counties.

FUNDING:

The project is funded with TANF and Title IV-D funds, with anticipated federal, state and county savings. The employment service activities are funded with 100 percent TANF funds. The Title IV-D eligible activities are funded with 66 percent federal and 34 percent State General Fund. The savings are shared at ratios of 51.23 percent federal, 46.33 percent state, and 2.44 county in FY 1997-98. The sharing ratios are 51.55 percent federal, 46.03 state, and 2.42 county in FY 1998-99.

Noncustodial Parent Demonstration Project

CHANGE FROM PRIOR SUBVENTION:

The number of counties participating increased from five to 14. This premise has been updated based on the counties projected costs, and the implementation date has changed from January 1, 1998, to April 1, 1998, for Los Angeles and San Benito Counties, and July 1, 1998, for all other counties.

REASON FOR YEAR-TO-YEAR CHANGE:

The increase in the budget year is the effect of all of the counties implementing and cases phasing into the program.

EXPENDITURES:

(in 000's)

Item 101 CalWORKs Services	1997-98	1998-99
	Grant	Grant
Total	$435	$9,221
Federal	435	9,221
State	0	0
County	0	0
Reimbursements	0	0

Items 101 and 141 Child Support Collections and Administration	1997-98		1998-99	
	Grant	County Admin.	Grant	County Admin.
Total	-$6	$159	-$1,193	$2,895
Federal	-3	105	-614	1,911
State	-3	54	-535	984
County	0	0	-44	0
Reimbursements	0	0	0	0

Parents' Fair Share (PFS) Pilot Project

DESCRIPTION:

Parents' Fair Share is a national demonstration project that provides training and employment related opportunities to noncustodial parents (NCPs) whose children are Aid to Families with Dependent Children/Temporary Assistance for Needy Families Program recipients.

The goal of the project is to increase the NCPs' employment, earnings, and child support payments. California participates in the national demonstration through the Los Angeles County PFS site that began February 1, 1995. Federal Titles IV-D and IV-F funds currently fund the project. The California Department of Employment Development and the Manpower Demonstration Research Corporation fund the nonfederal match. The national demonstration project will end December 31, 1996. Waivers under section 1115 of the Social Security Act have been secured that enable the continued use of federal funds for project activities through Calendar Year 1998. Since Los Angeles was the last project site to implement PFS, the county requested an extension of one calendar year (January through December 1997) to phase down the program and complete the evaluation. This premise schedules the funding needed to continue activities in the Los Angeles site through March 31, 1998.

IMPLEMENTATION DATE:

The project extension was effective January 1, 1997.

METHODOLOGY:

Costs for child support activities and training are based on Los Angeles County's proposal. The costs consist primarily of salaries and wages for project staff in the district attorney's office, Los Angeles Department of Community and Senior Services, and service delivery areas. The time period for this project was extended through March 31, 1998, with no additional funds.

FUNDING:

Child support administrative cost will be funded by federal Title IV-D funds, and the nonfederal match will be funded through the use of state investment funds. Employment services training cost will be funded by federal Title IV-F funds, and the nonfederal match will be funded through the use of state investment funds.

CHANGE FROM PRIOR SUBVENTION:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

There is no cost or activity in Fiscal Year 1998-99.

Parents' Fair Share (PFS) Pilot Project

EXPENDITURES:
(In 000's)

Item 101- CalWORKs Services	1997-98	1998-99
	County Admin.	County Admin.
Total	$449	$0
Federal	225	0
State	224	0
County	0	0
Reimbursements	0	0

Item 141- Child Support	1997-98	1998-99
	County Admin.	County Admin.
Total	$624	$0
Federal	412	0
State	212	0
County	0	0
Reimbursements	0	0

Cal Learn

DESCRIPTION:

The Cal Learn Program serves teen recipients of the Temporary Assistance for Needy Families (TANF) Program who are pregnant or custodial parents. The program provides intensive case management, needed supportive services and fiscal incentives and disincentives to encourage teen parents to stay in high school or an equivalent program and earn a diploma. The program had an age limit of up to 19 years of age until January 1, 1998, when it was increased to age 20 provided the teen entered the program by age 18 (California Work and Responsibility for Kids). Case management activities must meet the standards and scope of the Adolescent Family Life Program. Those standards include case management activities such as arrangement and management of supportive services, development and review of the report card schedule, exemption and deferral recommendations, and recommendations for bonuses and sanctions.

This premise includes the identification of cases, initial informing notice, and referral to orientation. Also included is the administrative time to process the supportive service payment, and the county mandated activities performed by the county welfare department. Those required activities include the final determination of deferrals, exemptions, bonuses and sanctions, and good cause determinations and activities associated with fair hearings.

IMPLEMENTATION DATE:

This premise was implemented on April 1, 1994.

KEY DATA/ASSUMPTIONS:

- The estimate assumes that 2.0 percent of the TANF caseload qualifies for the Cal Learn Program. The 2.0 percent is based on the caseload actuals from the Stat 45 Report for the 1997 Calendar Year as compared to the TANF basic projected caseload.
- Case management costs were calculated at $1,650 per case per year for all activities performed by the case manager.
- The hourly eligibility worker (EW) cost is $56.75 for 1997-98 and $58.07 for 1998-99.
- The incentives are a $100 bonus per report card period for satisfactory progress and a $500 bonus upon graduation. The disincentive is a $100 sanction per report card period for failure to submit a report card or to make adequate progress.
- For both the current and budget years, the Cal Learn participants' utilization rate for the $100 bonus is 6.44 percent, the rate for the $500 bonus is 1.35 percent, and the rate for the $100 sanction is 8.26 percent. The utilization rates are based on the actual Cal Learn caseload from the Stat 45 Report for the Calendar Year 1997.
- Subsidized child care is available for Cal Learn participants attending high school. For current year, the child care costs for the first half of the year are included in this premise. Beginning January 1, 1998, the child care costs are premised separately. (Please refer to the Cal Learn Child Care Premise description for the assumptions and methodology used to develop the estimate.)

Cal Learn

METHODOLOGY:

The 2.0 percent is applied to the projected TANF caseload for the current and budget years to determine the projected Cal Learn caseload. The case management cost of $1,650 was multiplied by the Cal Learn caseload to determine the annual cost. Administrative costs are estimated at 30 minutes per case per month, times the EW cost per hour. As of January 1, 1998, the administrative costs associated with child care are shown in the Cal Learn Child Care Premise. Those costs are based on actual child care administration costs and are included in the Cal Learn Child Care Premise. The bonus and sanction percentages and costs per case were each multiplied by the total caseload, and then added together for a net cost displayed in Item 101.

FUNDING:

The administrative costs are shared at 50 percent federal, 35 percent state, and 15 percent county. Case management and all supportive services are shared 50 percent federal and 50 percent state.

CHANGE FROM PRIOR SUBVENTION:

Funding for substance abuse and mental health services was removed from this premise because it was determined that other funding sources are available for this population. Caseload projections were updated from 2.4 percent to 2.0 percent based on actuals.

REASON FOR YEAR-TO-YEAR CHANGE:

Caseload has decreased by 8.6 percent in Cal Learn participation from current year to the budget year.

CASELOAD:

	1997-98	1998-99
Average Monthly Caseload	14,757	13,492

Cal Learn

EXPENDITURES:

(in 000's) 1997-98

	Services*	Bonuses and Sanctions

Total	$49,073	$877
Federal	21,430	439
State	23,580	416
County	854	22
Reimbursements	3,209	0

*NOTE: The above costs include case management, administration, automation, ancillary, transportation, and the child care costs for the first half of current year. As of January 1, 1998, the Cal Learn child care costs are reflected separately.

	1997-98**		1998-99**	
	Services***	Bonuses and Sanctions	Services***	Bonuses and Sanctions
Total	$42,859	$877	$27,514	$800
Federal	21,430	439	13,758	401
State	20,743	416	13,221	379
County	686	22	535	20
Reimbursements	0	0	0	0

**NOTE: The realigned budget displays the Cal Learn Program costs, excluding child care.

***Services include Cal Learn for recent noncitizen entrants.

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TANF/CalWORKs, FC & NAFS Administrative Costs - Basic

DESCRIPTION:

This item budgets administrative costs for the Temporary Assistance for Needy Families (TANF) (formerly Aid to Families with Dependent Children (AFDC))/California Work Opportunity and Responsibility to Kids (CalWORKs) Program, the one-parent and two-parent families, Foster Care (FC), and Non-Assistance Food Stamps (NAFS) Programs. Basic administrative costs reflect county welfare department (CWD) budget requests as modified by a cost containment system. Effective July 1, 1997, the new rate to be applied to TANF Program costs is 29.95 percent. Fifty percent of these costs are shifted from TANF funding to funding provided by the USDA Food and Nutrition Service for public assistance food stamp activities. These costs are reflected in TANF/CalWORKs basic costs and are described in the "PA to NA Fund Shift" premise.

Basic and Inability to Match

In past years, local fiscal constraints have resulted in the inability of county welfare departments to match federal and state funding for the administration of these programs. Therefore, beginning with Fiscal Year (FY) 1994-95, the budget for county administration is based on the CWDs' anticipated actual expenditures. The previous method utilized the expected operational level (based on workload targets that did not truly reflect current conditions) to determine funding levels. These programs are no longer caseload driven; rather, they are allocated based upon counties' abilities to match. The projection of actual expenditures is described as basic costs.

IMPLEMENTATION DATE:

This premise is an annual appropriation.

KEY DATA/ASSUMPTIONS:

- The 1997-98 estimate is based upon the proposed county administrative budgets (PCABs) submitted in March 1997. The 1998-99 estimate is based upon the PCABs submitted in March 1998.

METHODOLOGY:

1997-98:

The 1997-98 estimate is being held at the November 1997 estimated level.

1998-99:

In March 1998, counties submitted PCABs that addressed three administrative cost areas: staff, support and direct costs. Funding is based on justifications received during the PCAB process with consideration given to the effect of CalWORKs and the Personal Responsibility and Work Opportunity Reconciliation Act.

TANF/CalWORKs, FC & NAFS Administrative Costs - Basic

AB (Chapter 270, Statutes of 1997), section 10544.317 of the Welfare and Institutions Code (W&IC) mandates that the Department shall create a welfare reform steering committee to provide advice and consultation on implementation issues related to welfare reform, and will report its findings to the committees set forth by the Legislature addressing recommended changes in the Budget Act of 1998 along with other related issues.

The welfare reform steering committee recommended to the Legislature not to change the methodology at this time.

The FY 1998-99 TANF/CalWORKs estimate includes staff development costs, which were shifted from the Small Programs Block Grant to the single allocation.

FUNDING:

Unit Costs		1997-98	1998-99
Eligibility Worker Cost per Hour			
TANF/CalWORKs/FC		$56.75	$58.07
NAFS		56.46	57.77
Cost per Case			
TANF/CalWORKs/FC			
	Intake	$194.94	$199.47
	Continuing	42.14	43.12
	Opened	51.23	52.42
NAFS			
	Intake	63.66	65.14
	Continuing	24.24	24.80
	Opened	30.74	31.46

TANF/CalWORKs costs are shared 50/35/15 (federal/state/county).
AFDC FC costs are shared 50/35/15 (federal/state/county).
NAFS costs are shared 50/35/15 (federal/state/county).

Note: AB 1542 (Chapter 270, Statutes of 1997), section 15204.4 of the W&IC requires a maintenance of effort (MOE) from the counties based on expenditures during FY 1996-97, which include the administration of food stamps. Please reference the "County MOE Adjustment" premise.

TANF/CalWORKs, FC & NAFS Administrative Costs - Basic

CHANGE FROM PRIOR SUBVENTION:

1997-98:

No change has been made.

1998-99:
The estimate was based on the PCABs submitted in March 1998 by the counties.

REASON FOR YEAR-TO-YEAR CHANGE:

The FY 1998-99 estimate is based on the PCABs submitted in March 1998 by the counties.

EXPENDITURES:

(in 000's)

CalWORKs

	1997-98	1998-99
	County Admin.	County Admin.
Total	$704,254	$691,271
Federal	352,599	345,598
State	256,021	250,891
County	95,634	94,782
Reimbursements	0	0

Foster Care

	1997-98	1998-99
	County Admin.	County Admin.
Total	$68,264	$81,910
Federal	34,130	40,955
State	23,884	28,669
County	10,250	12,286
Reimbursements	0	0

NAFS

	1997-98	1998-99
	County Admin.	County Admin.
Total	$324,334	$333,316
Federal	163,415	167,906
State	120,420	125,553
County	40,499	39,857
Reimbursements	0	0

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TANF and NAFS Programs - PA to NA Fund Shift

DESCRIPTION:

The federal share of administrative costs for food stamp activities for Temporary Aid to Needy Families (TANF) Program cases is funded by USDA Food and Consumer Service (FCS). The amount of TANF Program costs to be charged to the Non-Assistance Food Stamps Program is determined by a special one-month time study of the 15 largest caseload counties. This study is conducted each year by the Department.

IMPLEMENTATION DATE:

This premise implemented in March of 1984.

KEY DATA/ASSUMPTIONS:

- Effective July 1, 1997, the new rate to be applied to TANF Program costs is 29.95 percent.

METHODOLOGY:

The portion of TANF Program costs funded by FCS was computed by applying the 29.95 percent rate to estimated total one-parent and two-parent costs less noneligibility worker activities for Fiscal Years (FYs) 1997-98 and 1998-99, and then totaling the federal, state and county shares. The estimated total of one- and two-parent expenditures for FYs 1997-98 have been held to the appropriation as the monies have already been allocated to the counties.

FUNDING:

Funding is 100 percent federal funds (USDA-FCS).

CHANGE FROM PRIOR SUBVENTION:

Caseloads have been updated for both years, and FY 1998-99 costs have been updated.

REASON FOR YEAR-TO-YEAR CHANGE:

The rate changed from 26.93 percent to 29.95 percent.

CASELOAD:

PAFS	1997-98	1998-99
Average Monthly Caseload	598,615	548,473
Average Monthly Persons	1,801,831	1,650,904

TANF and NAFS Programs - PA to NA Fund Shift

EXPENDITURES:

(in 000's)

	1997-98	1998-99
TANF	County Admin.	County Admin.
Total	-$225,661	-$214,609
Federal	-112,831	-107,133
State	-78,981	-77,989
County	-33,849	-29,487
Reimbursements	0	0

	1997-98	1998-99
FOOD STAMPS	County Admin.	County Admin.
Total	$225,661	$214,609
Federal	112,831	107,133
State	78,981	77,989
County	33,849	29,487
Reimbursements	0	0

California Work Pays Demonstration Project (CWPDP) Evaluation

DESCRIPTION:

This premise reflects the final costs of the CWPDP evaluation in current year, and continued evaluation costs for Cal Learn in both the current and budget years. The Department of Health and Human Services granted federal waivers under the CWPDP to decrease the maximum aid payment (MAP) amounts. The waivers allowed implementation of program changes such as: continuing to provide the program formerly known as Aid to Families with Dependent Children (AFDC) benefits to two-parent family recipients in which the principal earner works 100 hours or more per month; the $30 and one-third earned income disregards with no time limitations; implementation of the Cal Learn Program (described in a separate premise); and implementation of the California Alternative Assistance Program. CWPDP was authorized under SB 485 (Chapter 722, Statutes of 1992) and SB 35 (Chapter 69, Statutes of 1993). Cal Learn was authorized under SB 35 (Chapters 69 and 1252, Statutes of 1993). Although the Department has terminated its waivers, and CWPDP participants were transferred into the California Work Opportunity and Responsibility to Kids program on January 1, 1998, counties must continue to track and report data on the AFDC control and experimental cases to the data collection contractor, UC DATA, for purposes of a final impact study.

There are four research counties (Alameda, Los Angeles, San Bernardino, and San Joaquin). These counties have incurred administrative costs by participation in the evaluation. Under the provisions of the federal waiver, AFDC cases in the research counties were assigned to either an experimental group or a control group. For purposes of the Cal Learn sample, pregnant and parenting teens on AFDC were assigned to four research conditions (three experimental and one control). The cases in the experimental groups were subject to the provisions of the demonstration project. The cases in the control groups were not affected by the provisions of CWPDP. The University of California, Berkeley, performed all data collection activities. The University of California, Los Angeles, performed all of the evaluation activities. Data collected on all samples were used to evaluate the effectiveness of the changes.

IMPLEMENTATION DATE:

CWPDP was implemented on October 1, 1992.

Cal Learn was implemented on November 1, 1994.

KEY DATA/ASSUMPTIONS:

- The CWPDP Evaluation component will be completed by the end of Fiscal Year (FY) 1997-98.
- Only the Cal Learn evaluation will continue into FY 1998-99.

For FY 1997-98:

- There are seven components of cost: research coordinators ($1,330,286), Cal Learn Evaluation ($531,202), eligibility worker (EW) ($458,734), other staff costs ($6,085), Cal Learn Adolescent Family Life Program ($69,000), electronic data processing (EDP) ($217,678), EDP maintenance and operation costs ($99,806), and travel ($5,238).
- The research coordinator costs per county are as follows: Alameda ($209,442), Los Angeles ($671,288), San Bernardino ($215,260), and San Joaquin ($234,296). Counties each have one CWPDP research coordinator and one Cal Learn research coordinator. Because of its size, Los Angeles County has two of each. The costs are salary and overhead for the individual counties.

California Work Pays Demonstration Project (CWPDP) Evaluation

- The Cal Learn Evaluation staffing costs per county are as follows: Alameda ($266,957), 4.5 staff; Los Angeles ($48,445), 2.0 staff; San Bernardino ($48,445), 2.0 staff; and San Joaquin ($167,354), 3.7 staff. The staffing levels are based on county needs identified by the individual counties. Information is unavailable for Los Angeles on Cal Learn costs and staff; therefore, it is assumed costs and staff are similar to San Bernardino.
- The EW costs are as follows: Alameda, San Bernardino and San Joaquin, ($91,747), (1,863 hours) each; and Los Angeles ($183,494) (3,725 hours). EW costs are $49.26 per hour for approximately 9,313 total hours.

For FY 1998-99:

- There are five components of cost: research coordinator ($665,143), Cal Learn Evaluation ($338,593), Cal Learn Adolescent Family Life Program ($69,000), EDP maintenance and operation ($49,903), and travel ($2,620).
- The research coordinator costs per county are as follows: Alameda ($104,721), Los Angeles ($335,644), San Bernardino ($107,630), and San Joaquin ($117,148). Counties each have one Cal Learn research coordinator. Because of its size, Los Angeles County has two. The costs are salary and overhead for the individual counties.
- The Cal Learn Evaluation staffing costs per county are as follows: Alameda ($193,908), 3.33 staff; Los Angeles ($28,252), 1.0 staff; San Bernardino ($28,252), 1.0 staff; San Joaquin ($88,181), 2.23 staff. The staffing levels are based on county needs identified by the individual counties. Information from Los Angeles is unavailable on Cal Learn costs; therefore, it is assumed the costs are similar to San Bernardino.
- The salaries and support costs for each county were based upon the latest projections for 1997-98 from the Contracts and Financial Services Bureau and salaries reported by the counties.
- Travel costs were based on the cost of air fare, car rental, mileage, and meals for the coordinators to attend the quarterly conferences.
- EDP costs were based on the actual costs claimed for FY 1996-97.
- Coordinators attend quarterly conferences.

METHODOLOGY:

In FY 1997-98, the seven components of the CWPDP Evaluation were totaled.

In FY 1998-99, the five components of the Cal Learn Evaluation were totaled.

FUNDING:

These costs are eligible under the Temporary Assistance for Needy Families Program. The costs are shared 50 percent federal and 50 percent state.

California Work Pays Demonstration Project (CWPDP) Evaluation

CHANGE FROM PRIOR SUBVENTION:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

The CWPDP Evaluation ends in FY 1998-99. FY 1998-99 only includes evaluation costs for Cal Learn.

EXPENDITURES:

(in 000's)

	1997-98	1998-99
	County Admin.	County Admin.
Total	$2,718	$1,125
Federal	1,359	563
State	1,359	562
County	0	0
Reimbursements	0	0

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Temporary Assistance for Needy Families (TANF)/ Foster Care Court Cases

DESCRIPTION:

In accordance with Budget Letter 93-11, and instructions from the Department of Finance, the costs of attorney fees resulting from the settlement of lawsuits related to local assistance issues are to be premised as local assistance budget items. The following cases have an impact in the current and/or budget year.

IMPLEMENTATION DATE:

This premise implemented on July 1, 1996.

KEY DATA/ASSUMPTIONS:

Item 101 – TANF Administration

- The Beno v. Shalala lawsuit vacates the waiver granted by the United States Department of Health and Human Services to California for the Assistance Payment Demonstration Project/California Work Pays Demonstration Project. There was a partial settlement negotiated involving two of the seven causes of action in the case; there is an appeal pending on the other five causes of action. The Department's Legal Division does not anticipate that any attorney fees will be paid in the current year. It is estimated $605,000 will be needed for attorney fees in the budget year.
- The Roe v. Anderson lawsuit involved the relocation grant regulations. These regulations required that when an assistance unit moved to California, the county welfare department must pay the lessor of California's grant amount, or the previous state of residence's grant amount. California is currently acting under a preliminary injunction in this case. The legal costs budgeted for Fiscal Year (FY) 1998-99 are $250,000.
- Each year the Department has a number of small court cases where a settlement is reached and costs are incurred. The estimate for the attorney fees relating to these small court cases is based on actual costs that have already been paid on cases settled in current year, and the Legal Division's projection of cases that will be settled and paid before the end of budget year. Included in the small court cases is the public assistance portion of one food stamp court case which would be TANF eligible. (The nonassistance portion of that case is included in Item 141, County Administration, court cases.) For both FYs 1997-98 and 1998-99, $199,301 was budgeted for the small court cases attorney fees.
- The court orders how attorney fees are to be paid and designates funding sources on a case-by-case basis.

Item 141 – Foster Care (FC) Administration

- In Capitola Land, et al v. Anderson, the Court of Appeal of the State of California invalidated the regulation which requires Aid to Families with Dependent Children Program linkage to the home of removal to establish eligibility for federal FC Program benefits. The current year legal costs associated with the lawsuit are estimated at $28,000.
- Bass v. Anderson is a class action lawsuit regarding the Department's overpayment collection policy, as it pertains to the FC Program. The Superior Court of Alameda County ruled against the Department, stipulating that there is no statutory authority to seek reimbursement of public assistance funds. Current year legal fees associated with the case are estimated at $50,000.
- Each year the Department has a number of small court cases where a settlement is reached and costs are incurred. The estimate for the attorney fees relating to these small court cases is based on actual costs that have already been paid on cases settled in the current year. Included in the small court

Temporary Assistance for Needy Families (TANF)/ Foster Care Court Cases

cases is the nonassistance portion of one food stamp court case. For FY 1997-98, $99,988 is budgeted for the attorney fees associated with these small court cases.

METHODOLOGY:

The federal and state costs of the individual small court cases were totaled with the large court cases.

FUNDING:

Item 101 –TANF Administration

These costs are eligible for funding from the TANF block grant. The large court case costs are shared 50 percent federal and 50 percent state. Most small court cases are 50 percent federal and 50 percent state; however, some are state-only costs.

Item 141 – FC Administration

All court case legal fees are shared 50 percent federal and 50 percent state.

CHANGE FROM PRIOR SUBVENTION:

This premise has been revised to reflect actual and anticipated expenditures for FYs 1997-98 and 1998-99.

REASON FOR YEAR-TO-YEAR CHANGE:

The increase in expenditures is due to a shift of current year attorney fees in the Beno v. Shalala court case to budget year. In addition, there is an increase in small court case fees.

EXPENDITURES:

(in 000's)

ITEM 101	1997-98	1998-99
TANF Administration	County Admin.	County Admin.
Total	$199	$1,054
Federal	100	527
State	99	527
County	0	0
Reimbursements	0	0

ITEM 141	1997-98	1998-99
FC Administration	County Admin.	County Admin.
Total	$178	$0
Federal	89	0
State	89	0
County	0	0
Reimbursements	0	0

Restricted Payments

DESCRIPTION:

Counties are required to issue voucher or vendor payments to any assistance unit in which the parent or caretaker relative has been subject to a sanction period of at least three consecutive months. Voucher or vendor payments are required for at least rent and utilities, up to four payments per month. These payments are required under AB 1542 (Chapter 270, Statutes of 1997).

The cost reflected in this premise is the cost to issue a vendor payment.

IMPLEMENTATION DATE:

This premise was implemented on January 1, 1998.

KEY DATA/ASSUMPTIONS:

- Vendor payments are issued for sanctions due to fraud and not meeting work requirements.
- Each month four vendor payments will be issued per case.
- Based on six months of Greater Avenues for Independence (GAIN) 25 data in Fiscal Year (FY) 1996-97 and GAIN 61 active universe data, four percent of the welfare-to-work population will receive a work sanction, and these assistance units will be issued vendor payments.
- The average monthly number of cases receiving vendor payments for work sanctions is 10,083 in FY 1997-98 and 46,373 in FY 1998-99.
- The average monthly fraud cases that are disqualified as reported by counties to the Administrative Adjudications Division is 462.
- The average length of time for work sanctions is four months based on a GAIN county survey in July 1997.
- The cost to provide a vendor payment is $5.00, as reported by counties who currently utilize vendor payments.

METHODOLOGY:

The total number of fraud and work sanction cases to receive vendor payments were multiplied by the cost to provide four vendor payments.

FUNDING:

The costs are shared 50 percent federal, 35 percent state, and 15 percent county. These costs are Temporary Assistance for Needy Families Program eligible.

Restricted Payments

CHANGE FROM PRIOR SUBVENTION:

The prior subvention included funding from SB 1110 (Chapter 838, Statutes of 1995), which permitted counties to provide involuntary restricted payments to assistance units with money management problems. Funding for SB 1110 has been removed since counties were not participating in the program.

Four voucher payments will be issued per case rather than one as was assumed in November.

REASON FOR YEAR-TO-YEAR CHANGE:

The budget year reflects an increase in the work sanction caseload.

CASELOAD:

	1997-98*	1998-99
Average Monthly Caseload	10,545	46,835

EXPENDITURES:

(in 000's)

	1997-98*	1998-99
	County Admin.	County Admin.
Total	$1,265	$11,240
Federal	633	5,620
State	443	3,934
County	189	1,686
Reimbursements	0	0

*Reflects six months.

CalWORKs Retraining

DESCRIPTION:

This item budgets funds for the California Work Opportunity and Responsibility to Kids (CalWORKs) Retraining Program. The funding provides training needs for eligibility workers and employment Services workers formerly performing the Greater Avenues for Independence activities, as they begin to implement changes in eligibility determination and welfare to work services as a result of the CalWORKs Program.

IMPLEMENTATION DATE:

This premise implemented on July 1, 1997.

KEY DATA/ASSUMPTIONS:

- The eligibility and employment services workers will need training on the new welfare law/rules and their revised roles in moving clients to self-sufficiency.

METHODOLOGY:

The Fiscal Year (FY) 1997-98 estimate was held at the Budget Act appropriation. Retraining of staff is assumed to be a one-time cost; therefore, there is no cost estimated for FY 1998-99.

FUNDING:

Temporary Assistance for Needy Families /CalWORKs costs are shared 50 percent federal, 35 percent state and 15 percent county.

Note: AB 1542 (Chapter 270, Statutes of 1997), Section 15204.4 of the Welfare and Institutions Code, requires a maintenance of effort (MOE) from the counties based on expenditures during FY 1996-97, which include the administration of food stamps. (Please reference the County MOE Adjustment premise.)

CHANGE FROM PRIOR SUBVENTION:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

This premise represents a current year cost only.

CalWORKs Retraining

EXPENDITURES:

(in 000's)

	1997-98	1998-99
	County Admin.	County Admin.
Total	$43,000	$0
Federal	21,500	0
State	19,135	0
County	2,365	0
Reimbursements	0	0

P. L. 104-193 - Data Reporting/Studies

DESCRIPTION:

The implementation of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, required new data reporting elements that will be necessary in order to implement this act. New data reporting/studies requirements will include tracking work participation of individuals according to participation rules such as 24-month work requirement as well as 60-month lifetime benefit time limit. The State is currently awaiting final federal regulations on all the data requirements.

IMPLEMENTATION DATE:

This premise implemented on July 1, 1997.

KEY DATA/ASSUMPTIONS:

- This estimate used Fiscal Year (FY) 1997-98 electronic data processing (EDP) development and maintenance and operation (M&O) costs as approved in the Proposed County Administrative Budgets (PCABs), and assumed that 20 percent of these costs would be needed for new data reporting/studies requirements in FY 1997-98. For FY 1998-99, the base was carried forward awaiting clear direction from the Federal Government on the final data reporting elements.

METHODOLOGY:

The FY 1997-98 is based on twenty percent of the projected FY 1997-98 EDP development and M&O costs approved in the PCABs. For FY 1998-99, the estimate was carried forward to fund data reporting studies needs.

FUNDING:

These funds shall be expended upon appropriation by the Legislature. Temporary Assistance for Needy Families/California Work Opportunity and Responsibility to Kids costs are shared 50 percent federal, 35 percent state, and 15 percent county.

Note: AB 1542 (Chapter 270, Statutes of 1997), Section 15204.4 of the Welfare and Institutions Code requires a maintenance of effort (MOE) from the counties based on expenditures during FY 1996-97, which include the administration of food stamps. Please reference the County MOE Adjustment premise.

CHANGE FROM PRIOR SUBVENTION:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

No funding is being provided until more information is released regarding federal regulations.

P. L. 104-193 - Data Reporting/Studies

EXPENDITURES:

(in 000's)

	1997-98	1998-99
	County Admin.	County Admin.
Total	$25,490	$0
Federal	12,745	0
State	8,921	0
County	3,824	0
Reimbursements	0	0

Medi-Cal Services Eligibility

DESCRIPTION:

The Legislature passed Assembly Bill 107 (Chapter 282, Statutes of 1997), mandating the California Department of Social Services to instruct counties to modify the eligibility determination process so that eligibility for Medi-Cal is determined prior to eligibility for the Temporary Assistance for Needy Families Program. Federal approval must be obtained prior to the determination process change. At this time, no federal approval is anticipated for current and budget year. If the federal approval were obtained, this premise would reflect the savings associated with shifting eligibility costs from California Work Opportunity and Responsibility to Kids Program to the Medi-Cal Program.

IMPLEMENTATION DATE:

Pending federal approval.

KEY DATA/ASSUMPTIONS:

A funding change between programs will only occur if federal approval is received.

METHODOLOGY:

Pending federal approval.:

FUNDING:

None.:

CHANGE FROM PRIOR SUBVENTION:

The anticipated savings have been eliminated due to a shift of expenditures to Medi-Cal.

REASON FOR YEAR-TO-YEAR CHANGE:

The anticipated savings have been eliminated due to a shift of expenditures to Medi-Cal.

EXPENDITURES:

(in 000's)

	1997-98	1998-99
	County Admin.	County Admin.
Total	$0	$0
Federal	0	0
State	0	0
County	0	0
Reimbursements	0	0

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Research and Evaluation

DESCRIPTION:

AB 1542 (Chapter 270, Statutes of 1997) mandates the California Department of Social Services (CDSS) to develop a research design to ensure a thorough evaluation of the direct and indirect effects of the California Work Opportunity and Responsibility to Kids (CalWORKs) Program. The statewide evaluation shall be conducted by an independent evaluator or evaluators. The outcomes derived from these evaluations will be provided through discrete reports issued at regular intervals and will include information regarding process, impacts, and analyses of the costs and benefits of the CalWORKs Program.

The CDSS will ensure that county demonstration projects and other innovative county approaches to CalWORKs Program implementation are rigorously evaluated and that the findings are reported to the Legislature in a timely fashion. The evaluation of a county-specific program shall be developed in conjunction with the county and other appropriate agencies responsible for the local program.

IMPLEMENTATION DATE:

This premise implemented on July 1, 1997.

KEY DATA/ASSUMPTIONS:

- AB 1542 mandates the evaluation of the statewide CalWORKs and county demonstration projects such as school attendance, monthly change reporting, etc.

METHODOLOGY:

1997-98

Estimated costs are associated with AB 1542, which mandates a statewide CalWORKs evaluation. The costs include funds to evaluate projects such as school attendance (Merced County), monthly change reporting, job plus, etc. This estimate is based upon historical evaluation costs.

1998-99

Estimated costs are associated with AB 1542, which mandates a statewide CalWORKs evaluation. The costs include funds to evaluate projects such as school attendance (Merced County), monthly change reporting, job plus, etc. This estimate is based upon historical evaluation costs.

FUNDING:

This premise is funded 100 percent from the Temporary Assistance for Needy Families block grant.

CHANGE FROM PRIOR SUBVENTION:

There is no change.

Research and Evaluation

REASON FOR YEAR-TO-YEAR CHANGE:

Fiscal Year 1998-99 is based on updated costs from program staff on the projects.

EXPENDITURES:

(in 000's)

	1997-98	1998-99
	County Admin.	County Admin.
Total	$1,000	$5,653
Federal	500	2,827
State	500	2,826
County	0	0
Reimbursements	0	0

County Maintenance of Effort (MOE) Adjustment

DESCRIPTION:

AB 1542 (Chapter 270, Statutes of 1997), section 15204.4 of the Welfare and Institutions Code requires counties to expend funds either from the county's general fund, or from the social services account of the County Health and Welfare Trust Fund to support administration of programs providing services to needy families, and the administration of food stamps.

IMPLEMENTATION DATE:

This premise implemented on July 1, 1997.

KEY DATA/ASSUMPTIONS:

- The individual county requirement for spending will be equal to that amount which was expended by the county for comparative activities during Fiscal Year (FY) 1996-97. Failure to meet this required level will result in a proportionate reduction in funds provided as part of the California Work Opportunity and Responsibility to Kids (CalWORKs) Program single allocation.

METHODOLOGY:

This administrative estimate is for both FYs 1997-98 and 1998-99, and is determined using actual expenditure data from FY 1996-97. The programs inclusive for this expenditure data are as follows: Temporary Assistance for Needy Families (TANF) (formerly Aid to Families with Dependent Children); Non-Assistance Food Stamps; Greater Avenues for Independence (GAIN); Cal Learn, Health & Safety (for Child Care); Transitional Child Care Administration; and Non-GAIN Education & Training Program.

The 1996-97 actual county expenditures at the time this budget assumption was developed were $138,091,703. Each county's maintenance of effort will be revised after all supplemental claims have been received and final expenditures are determined.

FUNDING:

This is a shift from county to federal funds only.

CHANGE FROM PRIOR SUBVENTION:

The 1996-97 county actual expenditures were adjusted for Overpayments and Collections (SB 627).

REASON FOR YEAR-TO-YEAR CHANGE:

FY 1998-99 is based on updated estimate costs.

County Maintenance of Effort (MOE) Adjustment

EXPENDITURES:

(in 000's)

	1997-98 County Admin.	1998-99 County Admin.
Total	$0	$0
Federal	35,213	37,490
State	0	0
County	-35,213	-37,490
Reimbursements	0	0

Legacy System Reprogramming

DESCRIPTION:

As a result of the Temporary Assistance for Needy Families (TANF) block grant and the implementation of AB 1542 (Chapter 270, Statutes of 1997) and related legislation, modifications to legacy systems (existing systems currently maintained in the counties) are anticipated. This premise provides funding for the legacy system modifications which will allow counties to continue operations of all automation systems prior to the conversion to the statewide projects (Statewide Automated Welfare System, etc.).

IMPLEMENTATION DATE:

This premise implements on July 1, 1998.

KEY DATA/ASSUMPTIONS:

- Legacy system modifications are reflective of changes associated with the implementation of the California Work Opportunity and Responsibility to Kids (CalWORKs) Program. One example of the type of automated modification being requested is to enhance the current Welfare Case Data System (WCDS) to operate in compliance with the new TANF welfare environment. The enhancement will provide WCDS counties the functionality to maintain a multi-program, integrated, intranet-based client data base to meet TANF reporting requirements and case manage TANF clients in order to achieve the TANF work activities required of both the client and the county.

METHODOLOGY:

The California Department of Social Services in coordination with the Health and Welfare Data Center reviewed and analyzed cost information submitted by counties through a legacy systems reprogramming survey. Costs have been estimated utilizing the information provided in the surveys.

FUNDING:

This cost is funded with the federal TANF block grant.

CHANGE FROM PRIOR SUBVENTION:

This is a new premise.

REASON FOR YEAR-TO-YEAR CHANGE:

This premise implements July 1, 1998.

Legacy System Reprogramming

EXPENDITURES:

(in 000's)

	1997-98 County Admin.	1998-99 County Admin.
Total	$0	$30,272
Federal	0	14,932
State	0	10,860
County	0	4,480
Reimbursements	0	0

CalWORKs Child Care – Stage One Services and Administration

DESCRIPTION:

The California Work Opportunity and Responsibility to Kids (CalWORKs) Child Care Program is administered in three stages. Stage One is funded through the California Department of Social Services (CDSS) and serves individuals who are newly working or beginning participation in a work activity while on aid. Stage Two is funded through the California Department of Education (CDE) and serves individuals determined to be in a more stable situation, either working or participating in a work activity while on aid, and participants transitioning off aid due to increased employment. Stage Three is funded through CDE and serves participants transitioning off aid and the working poor. Child care services are available to CalWORKs families with children under 13 years old.

Federal welfare reform (Public Law 104-193) established the Temporary Assistance for Needy Families (TANF) Program that requires all adults receiving TANF funds to work as soon as determined ready, or no later than being aided for 24 months. CalWORKs Program begins January 1, 1998, for both applicants and recipients. Current recipients will be phased-in by December 1998.

Implementation of CalWORKs consolidated the former child care programs effective January 1, 1998. They included Transitional Child Care (TCC), Supplemental Child Care (SCC), Greater Avenues for Independence (GAIN) Child Care, Non-GAIN Employment and Training (NET) Child Care, and the Child Care Disregard Program.

IMPLEMENTATION DATE:

This premise was implemented on January 1, 1998.

KEY DATA/ASSUMPTIONS:

- Child care services are available for single-parent recipients/applicants working or participating in any approved activity, and single-parent recipients transitioning off aid due to increased employment.
- Of the single-parent applicants and recipients who are phased-in to the CalWORKs Program and who are working 20 or more hours per week:
  - Baseline funding is provided for a 30-percent utilization rate, based on current GAIN Program utilization rates (25 percent) which are increased to reflect a higher number of hours of participation, and higher utilization of nontraditional work hours.
  - Eighty percent of those working 20 or more hours and utilizing CalWORKs child care will go directly to Stages Two or Three. The remaining 20 percent will go stay in Stage One child care because their situations continue to be unstable.
- The remainder of the single-parent applicants and recipients who enter the WTW Program will not be working or will be working less than 20 hours. All of these will go to Stage One for six months; then 80 percent of them will transition to Stages Two or Three. The other 20 percent will remain in Stage One child care because their situations continue to be unstable.
- These assumptions hold true for the former GAIN, NET, SCC, and Child Care Disregard Program populations.

CalWORKs Child Care – Stage One Services and Administration

- The former TCC population will go directly to Stage Two or Three child care. They can be served in Stage Two for up to two years after transitioning off aid.
- The former Child Care Disregard and SCC Program recipients required a means to receive payment for their child care for November and December 1997. This would normally be calculated as a disregard on their aid payment but would not be claimed until January and February, respectively. Therefore, these individuals received a direct payment for those months. An additional two months of child care payments was provided to this caseload in Fiscal Year (FY) 1997-98.
- The cost of providing child care is $502 per family per month. This rate is based on the current TCC Program rate for the first-half of the current year increased for the number of families that will elect to utilize child care reimbursed at the 93rd percentile as opposed to the 75th percentile. The only exception to this cost is the cost for providing child care to recipients in the previous Child Care Disregard and SCC Programs prior to being phased-in to CalWORKs WTW Program. This cost-per-case is $233 per family per month. This cost is based on the actual expenditure data for these programs increased for the number of families that will elect to utilize child care reimbursed at the 93rd percentile.
- The funding level is reduced by the state share of cost for the recent noncitizen entrants child care services and administration. See the individual premise descriptions for more information on these programs.

Reappropriation

- FY 1997-98 reappropriation funds of $175.3 million are available in FY 1998-99 to allow for a utilization rate of up to 36 percent. If the utilization is lower than 36 percent, these funds may be expended on other CalWORKs services as needed. Please refer to "CalWORKs Reappropriation" premise for more details.

METHODOLOGY:

The number of single-parent families entering the CalWORKs Program is multiplied by the utilization rate to determine the number of families that will utilize child care. That number is multiplied by the number of months of payments each will receive, and then by the cost per family per month. The total services cost is then multiplied by 20 percent to determine the administrative cost. The administrative cost is added to the services cost for a total child care cost.

Funding is also included in Stage One child care for 39,130 families (66,521 children) who may be unable to move to Stage Two.

FUNDING:

Stage One child care is funded through the Department with Temporary Assistance for Needy Families (TANF) and General Funds. Stage Two child care is funded through CDE with Proposition 98 and Child Care and Development Block Grant funds. The counties have no share of cost. Stage Three child care is funded through CDE.

CalWORKs Child Care – Stage One Services and Administration

CHANGE FROM PRIOR SUBVENTION:

This premise has been updated for new average monthly caseload, the cost per family ($488 to $502), and the reduction for the cost of the recent noncitizen child care.

REASON FOR YEAR-TO-YEAR CHANGE:

FY 1998-99 represents full-year costs.

CASELOAD:

Program	1997-98[1] Average Monthly Cases	1998-99 Average Monthly Cases
Stage One Child Care		
Families (cases)	51,589	120,002
Children (1.7 x cases)	87,701	204,003
Former Disregard & SCC cases (November and December Direct Payment)	36,485	0

EXPENDITURES:

(in 000's)	1997-98[1] Services	1997-98[1] County Admin.	1998-99 Services	1998-99 County Admin.
Total	$154,401	$30,880	$574,538	$114,885
Federal	124,106	30,605	545,600	114,881
State	30,295	275	28,938	4
County	0	0	0	0
Reimbursements	0	0	0	0

[1] - Caseload and expenditures reflect a six-month period for FY 1997-98.

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Capacity Building

DESCRIPTION:

The purpose of Capacity Building funds is to increase the available supply of child care as needed to meet the growing demand for child care as recipients transition from welfare to work; and, to take additional steps to enhance the provisions of care in license exempt child care arrangements. Child care funding is available to eligible recipients of Temporary Assistance for Needy Families Program for services rendered at either licensed day care facilities or through private license-exempt providers.

Utilization of these funds is expected to comply with the following guidelines:

- Develop accurate information to assist local and state planners in evaluating child care need, and ensure that adequate capacity for child care is developed to meet the anticipated need;
- Expand the Child Care Initiative and other innovative recruitment efforts;
- Increase the quality of child care in both licensed and license-exempt facilities; and
- Develop self-assessment guides and educational materials for use by child care providers.

KEY DATA/ASSUMPTIONS:

- This is an $8.0 million augmentation to the California Department of Social Services (CDSS) and an $8.0 million pass-through to the California Department of Education (CDE) for Fiscal Year (FY) 1997-98 only.

FUNDING:

This premise is funded 100 percent with State General Funds.

CHANGE FROM PRIOR SUBVENTION:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

This is an augmentation provided in FY 1997-98 only.

Capacity Building

EXPENDITURES:

(in 000's)

CDSS

Capacity Building

	1997-98	1998-99
	County Admin.	County Admin.
Total	$8,000	$0
Federal	0	0
State	8,000	0
County	0	0
Reimbursements	0	0

CDE Capacity

Building Pass-Through

	1997-98	1998-99
	County Admin.	County Admin.
Total	$8,000	$0
Federal	0	0
State	8,000	0
County	0	0
Reimbursements	0	0

Cal Learn Child Care

DESCRIPTION:

Child care services are available to Cal Learn participants attending high school or an equivalent program outside the home. The purpose of the Cal Learn Program is to provide eligible teens who are parents or custodial parents with intensive case management and supportive services, as well as fiscal incentives and disincentives in order to encourage teens to stay in high school or an equivalent program and earn a diploma. In order to be Cal Learn participants, teens must also be recipients of the Temporary Assistance for Needy Families (TANF) Program.

IMPLEMENTATION DATE:

This premise was implemented on April 1, 1994.

KEY DATA/ASSUMPTIONS:

- The average monthly Cal Learn caseload is 14,757 for 1997-98 and 13,492 for 1998-99.
- The estimate assumes that 75 percent of the Cal Learn caseload attends school.
- The percent of teens in school that utilize child care is 10.3 based on the ACF 115 Report of actual caseload utilizing child care compared to the Stat 45 Report of actual Cal Learn participants.
- The average monthly child care cost of $410 is based on the ACF 115 Report of actual expenditures for Calendar Year 1997.
- The child care administrative cost is 22.57 percent of the total child care cost based on the ACF 115 Report of actual expenditures for calendar year 1997.

METHODOLOGY:

The 10.3 percent utilization rate was applied to the 75 percent of the Cal Learn caseload that will attend high school to determine the projected child care caseload. The child care caseload was multiplied by 12 months to determine the number of casemonths, then multiplied by the child care cost of $410 per person per month to arrive at the annual cost. Administrative costs are estimated by applying the 22.57 percent administration ratio to the total cost of services.

FUNDING:

For the first-half of FY 1997-98, the child care costs are shared between the State General Fund (GF) and reimbursement from the California Department of Education via the Child Care Development Block Grant. The administrative costs are shared at 50 percent reimbursement, 35 percent GF, and 15 percent county. The Cal Learn child care costs will be shared between TANF and GF for the second half of 1997-98. All costs are shared at 50 percent federal and 50 percent GF for FY 1998-99.

Cal Learn Child Care

CHANGE FROM PRIOR SUBVENTION:

Effective January 1, 1998, the child care costs are consolidated under California Work Opportunity and Responsibility to Kids (CalWORKs) Child Care Programs.

REASON FOR YEAR-TO-YEAR CHANGE:

There is a caseload decrease of 8.6 percent in Cal Learn child care from current year to budget year.

CASELOAD:

	1997-98	1998-99
Average Monthly Caseload	2,270	1,013

EXPENDITURES:

(in 000's)

	1997-98[1]	
	Grant	County Admin.
Total	$4,721	$0
Federal	2,284	0
State	2,437	0
County	0	0
Reimbursements	0	0

[1] - The first-half of the current year Cal Learn Child Care costs are not included in these costs but are included in the total current year Cal Learn Program costs.

	1997-98[2]		1998-99[2]	
	Grant	County Admin.	Grant	County Admin.
Total	$9,746	$1,189	$5,156	$1,167
Federal	2,284	0	2,585	584
State	4,882	392	2,571	583
County	0	168	0	0
Reimbursements	2,580	629	0	0

[2] - The realigned budget displays the full-year of Cal Learn Child Care costs separate from the Cal Learn Program costs.

Child Care - Trustline

DESCRIPTION:

Trustline is a state-mandated registration program that provides fingerprints submitted by certain child care providers and applicants to be used to search the California Criminal History System and the California Child Abuse Central Index. A second set of fingerprints may be used to search the records of the Federal Bureau of Investigation. Initially, Trustline registration was required for child care providers compensated by four specific federal programs in order to be eligible for that compensation (AB 2053 (Chapter 898, Statutes of 1993)). They include the Greater Avenues for Independence (GAIN) Program, Non-GAIN Employment and Training, Transitional Child Care, and the At-Risk Program. Subsequent State legislation extended Trustline registration to the Supplemental Child Care Program, California Alternative Assistance Program, and Cal Learn (AB 2560 (Chapter 1268, Statutes of 1994)).

The Department of Justice (DOJ) contracts with the California Child Care Resource and Referral Network to administer the Trustline Program. The Department of Social Services (CDSS) and DOJ have an interagency agreement to provide federal matching funds for the Trustline system. Beginning July 1, 1998, the function of processing the applications will be done by Community Care Licensing Division (CCLD) (AB 753 (Chapter 7 of Title 42, Statutes of 1997)).

Due to the implementation of the California Work Opportunity and Responsibility to Kids (CalWORKs) Program, all of the above child care programs were consolidated effective January 1, 1998 into Stage One Child Care. In addition, families previously receiving the child care disregard will change to direct payments to the providers and must now use Trustline providers (AB 1542 (Chapter 270, Statutes of 1997)). These providers will be "grandfathered" into the system.

IMPLEMENTATION DATE:

Initial program implementation was September 1, 1995. Implementation for the previous child care disregard recipients was January 1, 1998.

KEY DATA/ASSUMPTIONS:

- The number of providers needing Trustline registration is 29,050 in Fiscal Year (FY) 1997-98, and 39,673 in FY 1998-99. The 1997-98 number is based on caseload data from the ACF115 Report for December 1997, adjusted to account for those who would be exempted from Trustline registration, and the increased applicants as a result of the CalWORKs Program. The 1998-99 number is based on the total number of CalWORKs families whose providers will need Trustline registration.
- Providers who are currently licensed, or who are an aunt, uncle or grandparent of the child are exempt from Trustline requirements. In addition, providers whose services are used less than 30 days are not required to register in Trustline.
- The average hourly eligibility worker (EW) cost is $56.75 and $58.07 for FY 1998-99.
- The initial administrative cost to inform applicants about Trustline is assumed to require 15 minutes of EW time per participant. A total of 73,521 and 100,407 applicants/providers are assumed for FY 1997-98 and 1998-99, respectively. An additional administrative cost is to conduct follow-up
activities with 2.5 packets per provider at an average rate of 20 minutes per follow-up per provider. A total of 29,050 and 39,673 participants are assumed to need follow-up activities in FY 1997-98 and FY 1998-99, respectively.
- Until July 1, 1998, the DOJ cost estimate is based on the total cost of $114 for each registration request. This includes $42 for processing, $25 for network, $32 for fingerprinting and $15 for searching the child abuse index. Beginning July 1, 1998, the DOJ estimate is based on a total cost of $72 because the $42 for processing will be shifted to CDSS' CCLD.

Child Care - Trustline

- The legislation provides for "grandfathering" existing providers for families formerly using the child care disregard until there is either a break in care of 30 days or more, or a change in provider. This will occur over a six-month period beginning January 1, 1998, in conjunction with the implementation of the CalWORKs Program.

METHODOLOGY:

The cost of the contract with DOJ is the product of the projected number of impacted providers times the cost per registration. The county administration costs are the product of the projected number of total providers times 15 minutes per participant for informing, times the hourly EW cost with an additional cost of 20 minutes for follow-up at an average of 2.5 packets.

FUNDING:

The FY 1997-98 premise is funded with State General Funds (GF) and Child Care Development Block Grant (CCDBG) as a reimbursement from the California Department of Education (CDE). For FY 1998-99, the costs are shared at 50 percent Temporary Assistance for Needy Families funds and 50 percent GF.

CHANGE FROM PRIOR SUBVENTION:

The estimate was updated for caseload and the amount of CCDBG was adjusted to accommodate full expenditure of those funds in the current year. In addition, $226,000 budgeted in FY 1997-98 for a study to have been conducted by CDE was removed.

REASON FOR YEAR-TO-YEAR CHANGE:

There is a shift in administrative cost to CCLD.

CASELOAD:

	1997-98	1998-99
Average Monthly Caseload	2,420	3,306

EXPENDITURES:

(in 000's)

	1997-98	1998-99
	County Admin.	County Admin.
Total	$6,686	$6,338
Federal	0	3,169
State	5,465	3,169
County	0	0
Reimbursements	1,221	0

Self-Certification

DESCRIPTION:

Effective October 1, 1996, license-exempt child care providers (excluding aunts, uncles, and grandparents) serving families that receive a child care subsidy with Child Care and Development Block Grant (CCDBG) must meet the minimum health and safety standards required by new CCDBG provisions. As a result of Public Law 104-93, the Title IV-A child care funding was consolidated under the CCDBG. In addition, there are new requirements that must be implemented in the subsidized child care programs. Therefore, a process was established for license-exempt providers to self-certify that they meet the following minimum standards: the prevention and control of infectious diseases; building and physical premises standards; and minimum health and safety training appropriate to the provider setting.

IMPLEMENTATION DATE:

This premise was implemented on October 1, 1996.

KEY DATA/ASSUMPTIONS:

- Data from the December 1997 ACF115 Report were utilized to project that approximately 29,050 and 39,673 aid recipients and applicants would utilize the specified license-exempt care and self-certification process in Fiscal Years (FY) 1997-98 and 1998-99, respectively.
- It is projected that an average of 1.5 informing packets will be distributed to each new provider who is required to self-certify.
- Ten minutes of eligibility worker (EW) time with an additional 15 minutes for follow-up on each packet will be required (a total of 25 minutes of EW time).
- The statewide average EW cost per hour is $56.75 in SFY 1997-98 and $58.07 in SFY 1998-99.

METHODOLOGY:

The administrative cost for notification of new recipients was developed by using three factors: 1) the number of providers that would utilize the specified license-exempt care; 2) and the cost of EW time (10 minutes for informing and 15 minutes for follow-up); and 3) an average of 1.5 packets annually.

FUNDING:

FY 1997-98 funding is share at 50 percent state and 50 percent federal CCDBG funds as a reimbursement from the California Department of Education. For FY 1998-99, funding is shared at 50 percent state and 50 percent federal Temporary Assistance for Needy Families (TANF) funds.

CHANGE FROM PRIOR SUBVENTION:

The estimate was updated based on caseload projections, and the amount of CCDBG funds was adjusted to accommodate full expenditure of those funds in the current year.

Self-Certification

REASON FOR YEAR-TO-YEAR CHANGE:

Caseload increase from current year to budget year due to the implementation of the California Work Opportunity and Responsibility to Kids Welfare to Work Program.

CASELOAD:

	1997-98	1998-99
Average Annual Caseload	29,050	39,673

EXPENDITURES:

(in 000's)

	1997-98 County Admin.	1998-99 County Admin.
Total	$967	$1,440
Federal	0	720
State	717	720
County	0	0
Reimbursements	250	0

Greater Avenues for Independence (GAIN) - Child Care

DESCRIPTION:

The GAIN Program requires certain heads of Aid to Families with Dependent Children (AFDC) households to participate in employment and training service programs as a condition of grant eligibility. State legislation mandated a statewide program to assist these recipients in obtaining unsubsidized employment (AB 2580 (Chapter 1025, Statutes of 1985)). AFDC recipients participating in this program are reimbursed for child care expenses.

AB 1542 (Chapter 270, Statutes of 1997) implemented the California Work Opportunity and Responsibility to Kids (CalWORKs) Program effective January 1, 1998. Under this new program, the GAIN Child Care Program was combined with other existing child care programs into the single CalWORKs Child Care Program, which will serve all recipients needing child care. Therefore, the caseload, services and administrative costs displayed are for the first six months of Fiscal Year (FY) 1997-98 only. The services and administrative costs for the second six months for FY 1997-98 and the full-year for FY 1998-99 are included in the CalWORKs Child Care premise.

IMPLEMENTATION DATE:

This premise was implemented on July 1, 1989.

KEY DATA/ASSUMPTIONS:

- Estimates for child care expenditures are based on the historical level of child care expenditures as compared to Employment Services Program expenditures.
- For the 1997-98 Appropriation, there is a reappropriation of $27.1 million from 1996-97 Cal Learn Child Care to 1997-98 GAIN Child Care.
- The GAIN Child Care Program was consolidated under the CalWORKs Child Care Program effective January 1, 1998. Therefore, this premise reflects only the funding for the first six months of FY 1997-98 and no funding in FY 1998-99.

METHODOLOGY:

The 1997-98 level of child care funding was maintained at the one-half year of 1996-97 level because the actual expenditures demonstrate that there has not been a significant change in the GAIN child care utilization since that time. The reappropriation amount was added to that number to arrive at the total. In addition, the amount of Child Care and Development Block Grant (CCDBG) funds were adjusted to accommodate full expenditures of these funds in the current year.

FUNDING:

As a result of Public Law 104-193, the Title IV-A child care funding in the California Department of Social Services (CDSS) and California Department of Education (CDE) was consolidated under the CCDBG which requires a state maintenance of effort level of state expenditures at the federal FY 1994 level. The costs are funded by reimbursement from CDE and the state and county funding budgeted in CDSS.

Greater Avenues for Independence (GAIN) - Child Care

CHANGE FROM PRIOR SUBVENTION:

The amount of CCDBG funds were adjusted to accommodate full expenditure of those funds in the current year.

REASON FOR YEAR-TO-YEAR CHANGE:

The GAIN Child Care Program was consolidated under the CalWORKs Child Care Program effective January 1, 1998. Therefore, this premise reflects only the funding for the first six months of FY 1997-98 and no funding in FY 1998-99.

CASELOAD:

	1997-98[1]	1998-99
Average Monthly Families	10,151	[2]

EXPENDITURES:

(in 000's)

	1997-98[1]		1998-99	
	Grant	County Admin.	Grant	County Admin.
Total	$57,122	$5,986	[2]	[2]
Federal	0	0		
State	30,683	592		
County	2,921	713		
Reimbursements	23,518	4,681		

[1] - Reflects six-month period (July 1 – December 31, 1997), plus $27.1 million reappropriation.
[2] - Please see the "Reason for Year-to-Year Change" section.

Employment Services - NET Program

DESCRIPTION:

Child care was available to former Greater Avenues for Independence (GAIN) Program recipients who continued in their training programs after they were excluded from GAIN due to lack of funds. Due to the Miller v. Healy court decision, eligible individuals received child care cost benefits through the Non-GAIN Employment and Training (NET) Program from Title IV-A funds.

AB 1542 (Chapter 270, Statutes of 1997) implements the California Work Opportunity and Responsibility to Kids (CalWORKs) Program effective January 1, 1998. Under this new program, the NET Child Care Program was combined with other existing child care programs into the single CalWORKs Child Care Program which will serve all recipients needing child care. Therefore, the caseload, services and administrative costs displayed are for the first six months of Fiscal Year (FY) 1997-98 only. The services and administrative costs for the second six months for FY 1997-98 and the full-year for FY 1998-99 are included in the CalWORKs Child Care premise.

IMPLEMENTATION DATE:

This premise implemented on July 1, 1992.

KEY DATA/ASSUMPTIONS:

- Analysis of actual expenditures for FY 1996-97 indicates funding appears adequate.
- The NET Child Care Program was consolidated under the CalWORKs Child Care Program effective January 1, 1998. Therefore, this premise reflects only the funding for the first six months of FY 1997-98 and no funding in FY 1998-99.

METHODOLOGY:

The FY 1997-98 estimate was held at the one-half year of 1996-97 level. In addition, the amount of Child Care and Development Block Grant (CCDBG) funds were adjusted to accommodate full expenditures of these funds in the current year.

FUNDING:

As a result of Public Law 104-193, the Title IV-A child care funding in the California Department of Social Services and California Department of Education (CDE) was consolidated under the CCDBG, which requires a state maintenance of effort level of state expenditures at the federal fiscal year 1994 level. The costs are funded by reimbursement from CDE and the state and county funding budgeted in CDSS. The costs are shared at 50 percent reimbursement from CDE, 35 percent state, and 15 percent county funding.

CHANGE FROM PRIOR SUBVENTION:

The amount of CCDBG funds were adjusted to accommodate full expenditure of those funds in the current year.

Employment Services - NET Program

REASON FOR YEAR-TO-YEAR CHANGE:

The NET Child Care Program was consolidated under the CalWORKs Child Care Program effective January 1, 1998. Therefore, this premise reflects only the funding for the first six months of FY 1997-98 and no funding in FY 1998-99.

CASELOAD:

	1997-98[1]	1998-99
Average Monthly Families	1,530	[2]

EXPENDITURES:

(in 000's)

	1997-98[1]		1998-99[2]	
	Grant	County Admin.	Grant	County Admin.
Total	$6,015	$1,071	[2]	[2]
Federal	0	0		
State	2,204	392		
County	945	169		
Reimbursements	2,866	510		

[1] - Reflects six-month period (July 1 – December 31, 1997).
[2] - Please see the "Reason for Year-to-Year Change" section.

Transitional Child Care

DESCRIPTION:

The Transitional Child Care (TCC) Program provided a continuous period, not exceeding 12 months, of child care to eligible families. A family was eligible for TCC if it was determined the care was necessary for an individual's employment, and the family had ceased to receive Aid to Families with Dependent Children (AFDC) Program benefits as a result of increased hours of employment, or increased income from employment, or lost the time-limited income disregards. Additionally, the family must have received AFDC in three of the six months immediately preceding the first month of AFDC ineligibility (45 CFR 256.2(b)). As part of the 1996-97 Budget Act, the Legislature extended the period of eligibility for these participants from 12 to 24 months effective October 1, 1996, with the passage of Public Law (P.L.) 104-193 (Welfare Reform).

TCC recipients are required to share in the cost of the child care based on the California State Department of Education's (CDE's) sliding fee scale. Child care costs were reimbursed at up to the 75th percentile of child care costs for the region.

AB 1542 (Chapter 270, Statutes of 1997) implements the California Work Opportunity and Responsibility to Kids (CalWORKs) Program effective January 1, 1998. Under this new program, the TCC Program was combined with other existing child care programs into the single CalWORKs Child Care Program, which will serve all recipients needing child care. Therefore, the caseload, services and administrative costs displayed are for the first six months of Fiscal Year (FY) 1997-98 only. The services and administrative costs for the second six months for FY 1997-98 and the full-year for FY 1998-99 are included in the CalWORKs Child Care premise.

IMPLEMENTATION DATE:

This premise was implemented on April 1, 1990.

KEY DATA/ASSUMPTIONS:

- Three percent of the cases will discontinue each month for reasons other than reaching the 24-month limit.
- The remaining cases will receive child care benefits for 24 months.
- The estimated average cost per month per case of $465 for the first six months of 1997-98 is based on statistical reports (ACF115) for the period from July 1996 through June 1997 provided by the counties.
- The administrative cost estimate of 22.9 percent of the total cost for the first six months of 1997-98 is based on the ratio of actual administrative costs to services cost for the period from July 1996 through June 1997.
- The TCC Program was consolidated under the CalWORKs Child Care Program effective January 1, 1998. Therefore, this premise reflects only the funding for the first six months of FY 1997-98 and no funding in FY 1998-99.

METHODOLOGY:

The program cost is the product of the beginning base caseload, and the accumulating new cases, minus three percent discontinuing cases, times the average monthly cost. The county administration costs are derived by multiplying the total services cost by 22.9 percent.

Transitional Child Care

The amount of Child Care and Development Block Grant (CCDBG) funds was adjusted to accommodate full expenditure of those funds in the current year.

FUNDING:

As a result of P.L. 104-193, the Title IV-A child care funding in the California Department of Social Services (CDSS) and CDE was consolidated under the CCDBG, which requires a state maintenance of effort level of state expenditures at the federal FY 1994 level. The costs are funded by reimbursement from CDE and the state and county funding budgeted in CDSS. The costs are shared at 50 percent reimbursement from CDE and 50 percent state funding.

CHANGE FROM PRIOR SUBVENTION:

The amount of CCDBG funds were adjusted to accommodate full expenditure of those funds in the current year.

REASON FOR YEAR-TO-YEAR CHANGE:

The TCC Program was consolidated under the CalWORKs Child Care Program effective January 1, 1998. Therefore, this premise reflects only the funding for the first six months of FY 1997-98 and no funding in FY 1998-99.

CASELOAD:

	1997-98[1]	1998-99
Average Monthly Caseload	5,202	[2]

EXPENDITURES
:

(in 000's):

	1997-98[1]		1998-99	
	Grant	County Admin.	Grant	County Admin.
Total	$17,254	$3,486	[2]	[2]
Federal	0	0		
State	7,254	1,661		
County	0	0		
Reimbursements	10,000	1,825		

[*] - Reflects a six-month period (July 1 – December 31, 1997).
[2] - Please see "Reason for Year-to-Year Change" section.

Supplemental Child Care

DESCRIPTION:

The Supplemental Child Care (SCC) Program provided payments to eligible Aid for Families with Dependent Children (AFDC) Program recipients when the amount available through the child care disregard was less than the amount that would be available if another method were used (SB 35 (Chapter 69, Statutes of 1993)). In addition to the SCC Program, there is a corresponding program called SCC Only which compensated the AFDC recipient for child care when the disregard has not been claimed for some compelling reason.

Eligibility for SCC payments was restricted to employed recipients eligible for the child care disregard, for a child who met one of the following conditions: (1) under the age of 13; (2) physically or mentally incapable of caring for himself/herself; or (3) under court supervision.

AB 1542 (Chapter 270, Statutes of 1997) implements the California Work Opportunity and Responsibility to Kids (CalWORKs) Program effective January 1, 1998. Under this new program, the Non-Greater Avenues for Independence Employment and Training Child Care Program was combined with other existing child care programs into the single CalWORKs Child Care Program which will serve all recipients needing child care. Therefore, the caseload, services and administrative costs displayed are for the first six months of FY 1997-98 only. The services and administrative costs for the second six months for FY 1997-98 and the full-year for FY 1998-99 are included in the CalWORKs Child Care premise.

IMPLEMENTATION DATE:

This premise was implemented on November 1, 1993.

KEY DATA/ASSUMPTIONS:

- Based on data from the ACF 115 report for July through December 1996, an average of 3,426 cases per month claim child care costs in excess of the disregard, and 651 claim SCC Only.
- The year-over growth from Fiscal Year (FY) 1995-96 to 1996-97 was 40.6 percent.
- The year-over growth of 40.6 percent was applied to the FY 1997-98 estimate.
- It is assumed that processing the SCC payment will require 30 minutes per case.
- Based on data from the ACF 115 report for July through December 1996, the average SCC payment is $181.03 for SCC with disregard and $219.88 for SCC Only.
- The SCC and Child Care Income Disregard (CCID) Program were consolidated under the CalWORKs Child Care Program effective January 1, 1998. Therefore, this premise reflects only the funding for the first six months of FY 1997-98 and no funding in FY 1998-99.

METHODOLOGY:

The following methodology was used to determine the average monthly cost of the SCC payment:

- Determine the total actual child care expenditures paid up to the 75th percentile rate ceiling of the regional market rate of care for 1997-98.
- Divide the total cost by the number of recipients from the ACF 115.

Supplemental Child Care

The following methodology was used to determine the amount of the total projected SCC grant cost:

- The SCC grant cost is the product of the projected monthly caseload times the projected monthly average SCC payment times six months.

The following methodology was used to determine the amount of the SCC administrative cost:

- The administrative cost of the SCC Program is calculated by multiplying the cases, times 30 minutes per case, times the hourly cost of an AFDC eligibility worker.

FUNDING:

As a result of Public Law 104-193, the Title IV-A child care funding in the California Department of Social Services and California Department of Education (CDE) was consolidated under the Child Care and Development Block Grant, which requires a state maintenance of effort level of state expenditures at the federal FY 1994 level. The costs are funded by reimbursement from CDE and the state and county funding budgeted in CDSS. The costs are shared at 50 percent reimbursement from CDE, 47.5 percent state, and 2.5 percent county funding. Administration costs are shared 50 percent federal, 35 percent state, and 15 percent county.

CHANGE FROM PRIOR SUBVENTION:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

The SCC and CCID Programs were consolidated under the CalWORKs Child Care Program effective January 1, 1998. Therefore, this premise reflects only the funding for the first six months of FY 1997-98 and no funding in FY 1998-99.

CASELOAD:

Average Monthly Caseload	1997-98[1]	1998-99
	5,731	[2]

EXPENDITURES:

(in 000's)	1997-98[1]		1998-99	
	Grant	County Admin.	Grant	County Admin.
Total	$6,438	$1,465	[2]	[2]
Federal	0	0		
State	3,058	513		
County	161	220		
Reimbursements	3,219	732		

[1] - Reflects six-month period (July 1 – December 31, 1997).
[2] - Please see the "Reason for Year-to-Year Change" section.

CalWORKs Reappropriation

DESCRIPTION:

This premise reappropriates projected unspent funds from 1997-98 to 1998-99 for the California Work Opportunity and Responsibility to Kids (CalWORKs) Program. The Budget Act of 1997 contains three provisions (5180-141-0001/10, 5180-151-0001/08, and 5180-196-0001/03) that allow for the reappropriation of unspent 1997-98 funds available for county administration and welfare-to-work services.

IMPLEMENTATION DATE:

This premise will implement July 1, 1998.

KEY DATA/ASSUMPTIONS:

- This estimate used historical and projected data to determine amounts counties will not spend in Fiscal Year (FY) 1997-98 for child care and the CalWORKs Program, including data reporting changes. In addition, funds budgeted in 1997-98 for California Department of Education (CDE) child care capacity building are included in the reappropriation.
- FY 1997-98 amounts are reappropriated from the following components:

Budget Item (in 000's)	Federal	State
141 County Administration (Data Reporting)	$ 12,745	$ 8,921
151 Social Services Programs (Greater Avenues for Independence (GAIN)/CalWORKs Programs)	125,300	0
196 Child Care Programs (Stage One)	50,000	8,000

- FY 1998-99 amounts are reappropriated to the following components:

Budget Item (in 000's)	Federal	State
101 CalWORKs Administration	$ 12,745	$ 8,921
101 CalWORKs Child Care	175,300	8,000

- FY 1997-98 reappropriation funds of $21.7 million are available as part of the FY 1998-99 single allocation for data reporting changes.
- FY 1997-98 reappropriation funds of $175.3 million are available in FY 1998-99 to allow for a child care utilization rate of up to 36 percent. This additional funding will serve an additional 24,250 families (41,225 children) in Stage One child care.
- These funds are available as part of the single allocation to fund a child care utilization rate of up to 36 percent or other CalWORKs services as needed.
- FY 1997-98 reappropriation funds of $8 million are available in FY 1998-99 for child care capacity activities.

METHODOLOGY:

The reappropriation estimate for child care and CalWORKs services was determined using actual expenditure data for the first six months of FY 1997-98 and projected expenditures for the second six months of FY 1997-98. For data reporting, the entire amount budgeted in 1997-98 is assumed to be unexpended.

CalWORKs Reappropriation

FUNDING:

Reappropriation funds consist of both federal and state funds.

CHANGE FROM PRIOR SUBVENTION:

This is a new premise.

REASON FOR YEAR-TO-YEAR CHANGE:

This premise reappropriates unspent funds from 1997-98 to 1998-99 for the CalWORKs Program.

EXPENDITURES:

(in 000's)

	Item 141 – County Administration	**Item 101 – CalWORKs Administration**
	1997-98	1998-99
Total	-$25,490	$25,490
Federal	-12,745	12,745
State	-8,921	8,,921
County	-3,824	3,824
Reimbursements	0	0

	Item 151/196 – Employment Services / Child Care	**Item 101 – CalWORKs Child Care**
	1997-98	1998-99
Total	-$183,300	$183,300
Federal	-175,300	175,300
State	-8,000	8,000
County	0	0
Reimbursements	0	0

Juvenile Assessment / Treatment Facilities

DESCRIPTION:

The Emergency Assistance (EA) Program provided federal funding for benefits and services granted to children and families in emergency situations, with eligibility is restricted to once in a 12-month period. Phase I was the implementation of the probation component, providing funding for nonfederal foster care (FC) for wards and county juvenile assessment and residential treatment facilities. Federal Action Transmittal ACF-AT-95-9 prohibited the use of EA funds for children removed due to delinquent behavior as of January 1996, eliminating the probation component. However, the implementation of the Temporary Assistance for Needy Families (TANF) block grant allows for the provision of funds for the children in county juvenile assessment and residential treatment facilities.

In response to the need to develop a program for probation youth formerly funded by the EA Program, the Legislature developed the Comprehensive Youth Services Act of 1997.

IMPLEMENTATION DATE:

This premise implemented in Fiscal Year (FY) 1997-98.

KEY DATA/ASSUMPTIONS:

- Probation placement and administrative costs are based on the TANF methodology: four-thirds of actual county expenditures claimed during the first three quarters of Federal Fiscal Year 1995. The probation component funding level is not subject to increase based on additional claiming or caseload changes.

METHODOLOGY:

- *Item 101* - Probation costs are based upon actual expenditures, consistent with the TANF methodology.
- *Item 141* - Costs for administrative activities performed by county probation department staff utilize the TANF methodology.

FUNDING:

Funding for the Juvenile Assessment/Treatment Facilities component is $138.8 million and $165.3 million TANF for FYs 1997-98 and 1998-99, respectively, which is displayed as a pass-through, without a corresponding county cost.

CHANGE FROM PRIOR SUBVENTION:

This premise reflects a $1.3 million increase in administration.

REASON FOR YEAR-TO-YEAR CHANGE:

The Juvenile Facilities increase reflects adjustments for updated information on actual claimed expenditures during the TANF period.

Juvenile Assessment / Treatment Facilities

EXPENDITURES:
(in 000's)

JUVENILE FACILITIES	1997-98		1998-99	
	Grant	County Admin.	Grant	County Admin.
Total	$138,818	$2,069	$165,318	$3,395
Federal	138,818	2,069	165,318	3,395
State	0	0	0	0
County	0	0	0	0
Reimbursements	0	0	0	0

Temporary Assistance for Needy Families (TANF) for Probation Camps

DESCRIPTION:

The Budget Act of 1997 provided that $32.7 million in support of juvenile camps, forestry camps and ranches formerly funded with State General Fund (GF) through the California Youth Authority (CYA), be transferred to the California Department of Social Services for probation placements in these facilities. Probation placements are those children whose behavior results in removal from the home and a judicial determination that the child must remain in out-of-home care for more than 72 hours.

This premise instead uses Temporary Assistance for Needy Families (TANF) funding for this purpose, creating equivalent savings to the GF.

IMPLEMENTATION DATE:

This premise implemented on July 1, 1997.

KEY DATA/ASSUMPTIONS:

- TANF funding for this premise is consistent with the GF appropriation formerly contained within the CYA budget (Item 5460-101-001) in support of the operation of county camps and ranches during Fiscal Year 1996-97. The funding level is not subject to increase based on additional claiming or caseload changes

FUNDING:

Funding is 100 percent TANF block grant funds, displayed as a pass-through without a corresponding county cost.

CHANGE FROM PRIOR SUBVENTION:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

There is no change.

Temporary Assistance for Needy Families (TANF) for Probation Camps

EXPENDITURES:

(in 000's)

	1997-98 Grant	1998-99 Grant
Total	$32,700	$32,700
Federal	32,700	32,700
State	0	0
County	0	0
Reimbursements	0	0

Foster Family Home - Basic Costs

DESCRIPTION:

The Foster Care (FC) Program provides out-of-home care on behalf of children meeting the following criteria: removal from the physical custody of a parent or guardian as a result of a judicial determination that remaining in the home would be contrary to the child's welfare and adjudication as a dependent or ward of the court; residing with a nonrelated legal guardian; voluntarily placed by a parent or guardian; relinquished for the purposes of adoption; or placed pursuant to the Indian Child Welfare Act.

Foster family homes (FFH) are those homes licensed by either state or county community care licensing agencies that provide 24-hour care and supervision in a family environment for a maximum of six children. In addition, this premise reflects caseload and costs associated with children placed in certified family homes of foster family agencies.

KEY DATA/ASSUMPTIONS:

- FFH total casemonths are consistent with the trend caseload projection. The caseload presumed to be eligible for federal FC program benefits is based on data from the last six months, July to December 1997, as reported by the counties on the Caseload Movement and Expenditures Report (CA 237 FC). Federal cases are projected to account for 84 percent of total FFH placements, representing a one-percent increase from the prior subvention projection.
- Federal and nonfederal average grant computations utilized caseload and expenditure data reported by the counties on the CA 237 FC during the last six-month period, July to December 1997. The projected federal grant is $577.21, and the nonfederal grant is $608.46.
- The amount of FFP is based on the Federal Medical Assistance Percentage (FMAP), which increased from 50.23 to 51.23 percent on October 1, 1997, and increases to 51.55 percent on October 1, 1998.

METHODOLOGY:

FFH basic costs are the product of projected federal and nonfederal casemonths and the respective average grant, as identified above. Adjustments to account for expenditures that are federally ineligible are then made.

FUNDING:

Federal funding is provided by Title IV-E of the Social Security Act for those cases meeting eligibility criteria. This includes children removed pursuant to a court order and deprived of parental support – those that were either in receipt of or eligible for Aid to Families with Dependent Children assistance, based on July 1995 criteria, during the month in which the petition for removal was filed.

Funding for the nonfederal program and the nonfederal share of federal program costs is defined in statute at 40 percent state and 60 percent county.

Foster Family Home – Basic Costs

CHANGE FROM PRIOR SUBVENTION:

This estimate incorporates the most recent data available, providing for updated caseload projections, a one-percent increase in federally eligible cases, revised average grants, and an accounting for federal cases with federally ineligible costs.

REASON FOR YEAR-TO-YEAR CHANGE:

The Fiscal Year 1998-99 estimate reflects adjustments for caseload growth and the FMAP rate increase.

CASELOAD:

	1997-98	1998-99
Average Monthly Caseload	61,372	67,006
Federal Caseload	51,538	56,285
Nonfederal Caseload	9,834	10,721

EXPENDITURES:

(in 000's)	1997-98	1998-99
FFH-BASIC COSTS	Grant	Grant
Total	$437,110	$483,863
Federal	171,586	193,369
State	106,210	116,140
County	159,314	174,354
Reimbursements	0	0
FFH-FEDERAL	$363,862	$402,938
Federal	171,586	193,369
State	76,911	83,786
County	115,365	125,783
Reimbursements	0	0
FFH-NONFEDERAL	$73,248	$80,925
Federal	0	0
State	29,299	32,354
County	43,949	48,571
Reimbursements	0	0

Group Home - Basic Costs

DESCRIPTION:

The Foster Care (FC) Program provides out-of-home care on behalf of children meeting the following criteria: removal from the physical custody of a parent or guardian as a result of a judicial determination that remaining in the home would be contrary to the child's welfare and adjudication as a dependent or ward of the court; residing with a nonrelated legal guardian; voluntarily placed by a parent or guardian; relinquished for the purposes of adoption; or placed pursuant to the Indian Child Welfare Act.

Group homes (GH) are private, nonprofit, nondetention facilities that provide services in a group setting to children in need of care and supervision. This premise also reflects caseload and costs associated with children placed in certified family homes of foster family agencies.

KEY DATA/ASSUMPTIONS:

- GH total casemonths are consistent with the trend caseload projection.
- The caseload presumed to be eligible for federal FC program benefits is based on data from the last six months, July to December 1997, as reported by the counties on the FC Caseload Movement and Expenditures Report (CA 237 FC). Federal cases are projected to account for 79 percent of total GH placements, which represents a two-percent increase from the prior subvention projection
- Federal and nonfederal average grant computations utilized caseload and expenditure data reported by the counties on the CA 237 FC during the last six-month period, July to December 1997. The projected federal grant is $2,545.61, and the nonfederal grant is $3,249.34.
- The amount of FFP is based on the Federal Medical Assistance Percentage (FMAP), which increased from 50.23 to 51.23 percent on October 1, 1997, and increases to 51.55 percent on October 1, 1998.

METHODOLOGY:

Basic costs are the product of federal and nonfederal casemonths and the respective average grant. Adjustments to account for expenditures that are federally ineligible are then made.

FUNDING:

Federal funding is provided by Title IV-E of the Social Security Act for those cases meeting eligibility criteria. This includes children removed pursuant to a court order and deprived of parental support – those that were either in receipt of or eligible for Aid to Families with Dependent Children assistance, based on July 1995 criteria, during the month in which the petition for removal was filed.

Funding for the nonfederal program and the nonfederal share of federal program costs is defined in statute at 40 percent state and 60 percent county.

CHANGE FROM PRIOR SUBVENTION:

This estimate incorporates the most recent data available, providing for updated caseload projections, a two-percent increase in federally eligible cases, revised average grants, and an accounting for federally ineligible costs.

Group Home - Basic Costs

REASON FOR YEAR-TO-YEAR CHANGE:

The Fiscal Year 1998-99 estimate reflects adjustments for caseload growth and the FMAP rate increase.

CASELOAD:

	1997-98	1998-99
Average Monthly Caseload	25,043	27,551
Federal Caseload	19,720	21,765
Nonfederal Caseload	5,323	5,786

EXPENDITURES:

(in 000's)	1997-98	1998-99
GH BASIC COSTS	Grant	Grant
Total	$817,665	$897,071
Federal	297,600	344,755
State	208,032	220,986
County	312,033	331,330
Reimbursements	0	0
GH - FEDERAL	$608,635	$670,306
Federal	297,600	344,755
State	124,420	130,264
County	186,615	195,287
Reimbursements	0	0
GH - NONFEDERAL	$209,030	$226,765
Federal	0	0
State	83,612	90,722
County	125,418	136,043
Reimbursements	0	0

Seriously Emotionally Disturbed Children - Basic Costs

DESCRIPTION:

AB 3632 (Chapter 1747, Statutes of 1984) and AB 882 (Chapter 1274, Statutes of 1985) authorized the Seriously Emotionally Disturbed (SED) Program as a separate out-of-home foster care component. Eligible participants are children designated as SED by the California Department of Education (CDE).

SB 485 (Chapter 722, Statutes of 1992) modified the program by eliminating any California Department of Social Services participation in funding "for profit" facilities, shifting responsibility for the cost of children in those facilities to the CDE and local education agencies.

SED children are placed primarily in group home psychiatric peer group Rate Classification Levels 12 through 14. As there is no court adjudication, these children are eligible only for nonfederal foster care program benefits.

IMPLEMENTATION DATE:

The effective date is July 1, 1987.

KEY DATA/ASSUMPTIONS:

- Casemonths are consistent with the trend caseload projections.
- Average grants are based on actual expenditure and caseload data from the last six months, August 1997 to January 1998, to reflect the most recent data. The projected grant for Los Angeles County is $3,705.54 (an increase of $190.26), and the grant for the remaining counties is $4,263.14 (an increase of $159.12).

METHODOLOGY:

SED costs are the product of casemonth projections and the computed average grant. Program costs are the aggregate of separate projections for Los Angeles County and the remaining 57 counties.

FUNDING:

SED costs are shared 40 percent state and 60 percent county.

CHANGE FROM PRIOR SUBVENTION:

The estimate reflects updated caseload projections and revised average grants.

REASON FOR YEAR-TO-YEAR CHANGE:

The Fiscal Year 1998-99 estimate reflects adjustments for caseload growth.

Seriously Emotionally Disturbed Children - Basic Costs

CASELOAD:

Average	1997-98	1998-99
Monthly Caseload	1,075	1,112

EXPENDITURES:

(in 000's)

	1997-98	1998-99
	Grant	Grant
Total	$52,630	$54,765
Federal	0	0
State	21,052	21,906
County	31,578	32,859
Reimbursements	0	0

Foster Family Agency Audit

DESCRIPTION:

The Department of Health and Human Services, Office of the Inspector General (OIG) conducted an audit of Title IV-E Foster Care Program payments made to foster family agencies (FFAs) covering the period October 1, 1991, through December 31, 1995. The audit findings indicated the Department of Social Services (Department) claimed federal financial participation (FFP) for ineligible administrative costs allocable to social services and recommended the Department refund $15,538,446 to the federal government for these claimed administrative costs identified in the audit.

KEY DATA/ASSUMPTIONS:

- The Department does not concur with the auditors' methodology for determining the amount of administrative costs associated with unallowable activities. Although the Department agrees that an overpayment was made, the Department contends that the social work component of the FFA rate includes some allowable FFP activities.
- On April 18, 1998, the Department received a disallowance letter stating the OIG's final determination with respect to resolution of the FFA audit.
- Unless the State exercises its appeal rights, the State is required to refund the amount identified in the audit report by adjustment to the IV-E-12 Report for the quarter ending June 30, 1998, that is due July 31, 1998.
- The audit scope included a review of 85 percent of total FFA cases. The Department must identify and refund additional overpayments associated with the remaining FFA population.
- Additional amounts to be refunded related to overpayments resulting from incorrect claims for the period January 1, 1996 through June 30, 1998, will be identified and paid in the budget year.

METHODOLOGY:

The costs budgeted for Fiscal Year 1997-98 represent the amount identified in the audit report.

FUNDING:

Funding is currently being displayed as State General Fund; however, this does not preclude the determination of a county share of costs.

CHANGE FROM PRIOR SUBVENTION:

This is a new premise.

REASON FOR YEAR-TO-YEAR CHANGE:

No costs are budgeted for Fiscal Year 1998-99 at this time pending further analysis by the Department.

Foster Family Agency Audit

EXPENDITURES:

(in 000's)

	1997-98 Grant	1998-99 Grant
Total	$15,538	$0
Federal	0	0
State	15,538	0
County	0	0
Reimbursements	0	0

State Family Preservation - Foster Care Transfer

DESCRIPTION:

This premise identifies the amount of funding to be transferred from foster care grant payments (Item 101) to Child Welfare Services (Item 151) to provide State Family Preservation (SFP) Program funding. Under the provisions of the SFP, counties are allowed to use a portion of their projected state share of Aid to Families with Dependent Children-Foster Care Program grant funds to help reduce or prevent out-of-home placements. Specifically, the SFP funds are used for emergency response, family maintenance, and family reunification services.

The SFP Program was initiated in 1988 under AB 558 (Chapter 105, Statutes of 1988), which established a two-year family preservation pilot project in three counties (Alameda, Napa, and Solano). Additional legislation (AB 3773 [Chapter 1120, Statutes of 1990], AB 1696 [Chapter 1117, Statutes of 1990], and AB 2939 [Chapter 1463, Statutes of 1990]) extended the SFP Program in the three original pilot counties and expanded the Program to12 additional counties (Contra Costa, Humboldt, Los Angeles, Mendocino, Placer, Riverside, Sacramento, San Diego, San Luis Obispo, Santa Clara, Santa Cruz, and Stanislaus). Subsequently, AB 948 (Chapter 91, Statutes of 1991) established the SFP Program as a statewide program and changed the funding ratio for foster care. AB 776 (Chapter 1006, Statutes of 1993) increased the amount to be advanced from 10 percent to 25 percent and expanded allowable SFP services and the population eligible for services.

IMPLEMENTATION DATE:

This premise implemented on November 1, 1988.

KEY DATA/ASSUMPTIONS:

- Los Angeles County is the only county that has not elected to permanently transfer their SFP Program.
- The projection for Los Angeles County is based on foster care State General Fund (GF) expenditures five years prior to starting the SFP Program.
- Once established, there is no change in the projection of the county's advance amount of GF dollars.

METHODOLOGY:

The methodology for projecting foster care expenditures was changed in accordance with AB 776 (Chapter 1006, Statutes of 1993):

- **Item 101** – The estimate reflects only Los Angeles County continuing to provide SFP services under Assistance Payments (Item 101) for Fiscal Years (FYs) 1997-98 and 1998-99. The projected GF amount of $26,618,680 is divided by 86.93 percent (based on the 1995-96 percentage ratio of federal dollars) to include federal financial participation of 13.07 percent, for the total dollar amount of $30,620,821.
- **Item 151** – This is a non-add item for LA County's funding to continue in the SPF Foster Care Transfer. It is a corresponding amount representing the funds being expended for SFP services.
- The 14 counties that have permanently transferred their SFP programs are included in the Child Welfare Services' premise entitled "State Family Preservation - Permanent Transfer" (Item 151).

State Family Preservation - Foster Care Transfer

FUNDING:

It is assumed that costs will be divided by 86.93 percent nonfederal funds and 13.07 percent federal funds. The nonfederal costs are 100 percent GF.

CHANGE FROM PRIOR SUBVENTION:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

There is no change.

EXPENDITURES:

(in 000's)

ITEM 101

FOSTER CARE	1997-98	1998-99
	County Admin.	County Admin.
Total	$30,621	$30,621
Federal	4,002	4,002
State	26,619	26,619
County	0	0
Reimbursements	0	0

ITEM 151

CWS[1]	1997-98	1998-99
	County Admin.	County Admin.
Total	-$30,621	-$30,621
Federal	-4,002	-4,002
State	-26,619	-26,619
County	0	0
Reimbursements	0	0

[1] - Non-add item

Family Preservation Expansion Saving

DESCRIPTION:

The Omnibus Budget Reconciliation Act of 1993 established a capped entitlement program under Title IV-B to provide funding for family preservation and community-based family support services. Also, the State Family Preservation Program provides counties the opportunity to use foster care assistance funds to provide services to families. Funding used for family preservation services is expected to result in a savings to the Foster Care Program.

IMPLEMENTATION DATE:

This premise implemented on July 1, 1994.

KEY DATA/ASSUMPTIONS:

- Savings are reflected for the Federal Family Preservation Program and for the expansion in Los Angeles County of the State Family Preservation Program. The savings result from the assumption that 75 percent of the cases served would avoid nine months of foster care. It was assumed that 35.1 percent of Federal Family Preservation and Support Program funds would be spent on family preservation (percent of support costs divided into total expenditures for administrative and support services).

METHODOLOGY:

The Fiscal Year (FY) 1997-98 amount is based on the appropriation for FY 1997-98.

For FY 1998-99, the Federal Family Preservation and Support total fund amount of $3,025,190 was multiplied by 35.1 percent to equal $1,061,862 available for the family preservation component. To develop the average number of cases (295) served through the Federal Family Preservation Program, the $1,061,842 was divided by the average cost per case of $3,596. The average number of cases was multiplied by 75 percent to determine the number of the successful cases (220). The number of successful cases was developed into total casemonths of 3,322. This estimate includes the saving developed from the Federal Family Preservation Program for FY 1997-98. The 5,295 plus 3,322 total casemonths for the Federal Family Preservation Program were added together, and then divided by 12 months for the monthly average caseload of 718.

For both FYs 1997-98 and 1998-99 the casemonths were spread between the foster family home and group home federal/nonfederal components. The average monthly cost per case and sharing ratios were applied to the casemonths to determine the total savings under the Foster Care Program.

FUNDING:

Federal foster care grant savings are 50 percent federal Title IV-E. Nonfederal savings are shared at 40 percent State General Fund and 60 percent county funds.

CHANGE FROM PRIOR SUBVENTION:

There is no change.

Family Preservation Expansion Saving

REASON FOR YEAR-TO-YEAR CHANGE:

The State Family Preservation Program saving has been included in basic administration effective FY 1998-99.

CASELOAD:

	1997-98	1998-99
Average Monthly Caseload	809	718

EXPENDITURES:

(in 000's)

	1997-98	1998-99
	County Admin.	County Admin.
Total	-$11,769	-$10,285
Federal	-4,051	-4,003
State	-3,088	-2,512
County	-4,630	-3,770
Reimbursements	0	0

Adoptions Initiative

DESCRIPTION:

Each year, more children enter public foster care than leave it, resulting in a growing foster care population. This increase is primarily due to children remaining in foster care on a long-term basis instead of reunifying with their parents or being adopted. For those children unable to return to their families, adoption is a significantly more desirable outcome than growing up in foster care. Consequently, in order to maximize adoption opportunities for children in public foster care, the Governor introduced the 1996 Adoptions Initiative.

One of the components of the Governor's Adoptions Initiative is to facilitate the adoption of foster children by funding performance agreements and increasing the number of adoption social workers. There are two main reasons for this proposal.

First, data show that counties served by county adoption agencies have a much lower adoptive placement rate for every 1,000 foster care children than those served by the California Department of Social Services (CDSS). Since CDSS is funded at its workload need/unit cost level and county agencies are not, this is an indication that county adoption agencies do not have the resources to keep up with the demand of placing adoptable foster care children.

Second, the statewide basic cost appropriation for counties that choose to operate their own programs has not been adjusted historically for unit cost changes.

Through their performance agreements, counties will be funded at their justified levels, but will have, as a condition, the requirement of increasing the number of adoptive home placements. In developing these agreements, CDSS will establish a baseline of placements against which counties will need to improve.

Another of the initiative's components is to increase CDSS efforts to improve the effectiveness of the statewide public adoption service delivery system. This is expected to result in increased productivity of each adoption caseworker.

By increasing productivity levels for both CDSS and county agencies, the Adoptions Initiative will increase the number of adoptive home placements by approximately 3,000 in both Fiscal Years (FYs) 1997-98 and 1998-99.

IMPLEMENTATION DATE:

This premise implemented on July 1, 1996.

KEY DATA/ASSUMPTIONS:

Adoptions Program

- For FY 1998-99 counties will be funded at the agreed-upon performance agreement level.

Adoptions Initiative

METHODOLOGY:

Item 101

Foster Care Program

Average foster family home grants were applied to the projected casemonths avoided based on the estimated placements.

Adoption Assistance Program

The average adoption assistance grants were applied to 83.2 percent (based on current recipient characteristics) of the projected casemonths avoided based on the estimated placements.

Item 151

Adoptions Program

The actual unit cost for adoptions case workers was computed by taking the FY 1996-97 total program costs, plus a cost-of-doing-business increase, and dividing by the number of actual full-time equivalents for each county. The resulting unit cost for each county was then multiplied by their agreed-upon performance agreement workers to arrive at a total adoption budget. The difference between the total budget and the adoptions basic amount is the amount identified which will meet counties' workload and resource needs ($29.4 million total, $15.7 million General Fund (GF)).

Child Welfare Services

The permanent placement (PP) avoidance cost per case was based on the FY 1998-99 estimated PP basic cost divided by the FY 1998-99 estimated PP average monthly caseload. This cost was then applied to the casemonths avoided based on the estimated placements (See Item 101).

FUNDING:

For the Foster Care Program federal funding is provided by Title IV-E of the Social Security Act for those cases meeting eligibility criteria. The amount of federal financial participation is based on the Federal Medical Assistance Percentage (FMAP), which is 51.23 percent as of October 1, 1997, and will increase to 51.55 percent on October 1, 1998. Funding for the nonfederal share of federal program costs is prescribed in statute at 40 percent state and 60 percent county. Nonfederal program costs are funded 40 percent state and 60 percent county.

Adoption Assistance Program (AAP) federal funding is provided by Title IV-E of the Social Security Act for those cases meeting eligibility criteria. The amount of federal financial participation is based on the FMAP, which is 51.23 percent as of October 1, 1997, and will increase to 51.55 percent on October 1, 1998. Funding for the nonfederal share of federal program costs is prescribed in statute at 75 percent state and 25 percent county. Nonfederal program costs are funded 75 percent state and 25 percent county.

For the Adoptions Program, federally eligible costs, based on the AAP discount rate, are funded with 50 percent Title IV-E and 50 percent General Fund. Nonfederal costs are funded with 100 percent General Fund.

For Child Welfare Services, federally eligible costs, based on the foster care discount rate, are funded with 50 percent Title IV-E and 50 percent General Fund. Nonfederal costs are funded with 70 percent General Fund, and 30 percent county funds.

Adoptions Initiative

CHANGE FROM PRIOR SUBVENTION:

There is no change.

Impact of 1996 Adoptions Policy Initiative

REASON FOR YEAR-TO-YEAR CHANGE:

The costs/savings were updated based on the most recent projections of adoption placements for FYs 1997-98 and 1998-99.

EXPENDITURES:

(in 000's)

ITEM 101 - FOSTER CARE	1997-98	1998-99
	Grant	Grant
Total	-$6,288	-$32,466
Federal	-2,683	-13,924
State	-1,442	-7,417
County	-2,163	-11,125
Reimbursements	0	0

ITEM 101-AAP	1997-98	1998-99
	Grant	Grant
Total	$4,081	$24,196
Federal	1,641	9,784
State	1,830	10,809
County	610	3,603
Reimbursements	0	0

Adoptions Initiative

ITEM 151-CWS	1997-98	1998-99
	County Admin.	County Admin.
Total	-$5,566	-$12,985
Federal	-2,087	-5,287
State	-2,435	-5,326
County	-1,044	-2,282
Reimbursements	0	0

ITEM 151 - ADOPTIONS PROGRAM	1997-98	1998-99
	County Admin.	County Admin.
Total	$26,837	$29,441
Federal	10,023	13,781
State	16,814	15,660
County	0	0
Reimbursements	0	0

Court Cases - Bass v. Anderson

DESCRIPTION:

Bass v. Anderson was a class action lawsuit regarding the Department's overpayment collection policy, as it pertained to the Foster Care (FC) Program. Specifically, the plaintiffs contended that the Department does not have statutory or regulatory authority to seek reimbursement of nonfraudulent overpayments from foster family home (FFH) providers.

The Superior Court of Alameda County ruled against the Department, stipulating that there is no statutory authority to seek reimbursement of public assistance funds. Further, the court directed the Department to 1) discontinue the policy and practice of attempting to recoup overpayments; 2) to rescind all actions to collect such overpayments; and 3) to notify petitioners of this action.

This premise would fund the provision of retroactive payments to providers, including the administrative costs associated with the notification and application method of reimbursing overpayments to claimants.

IMPLEMENTATION DATE:

This premise will become effective Fiscal Year (FY) 1998-99.

KEY DATA/ASSUMPTIONS:

- FC overpayment collection data were extrapolated from a county survey for the period of FY 1992-93 to FY 1994-95. The 15 largest counties participated in the survey, which represents 85 percent of total FC expenditures and 87 percent of the total FC caseload during this period.
- During FY 1992-93 to FY 1996-97, FFH placements comprised 74 percent of the total FC caseload. To determine the impacted population, the FFH caseload ratio is applied to FC cases closed between April 1992 and June 1997. Combined with an average monthly caseload during FY 1997-98 of 61,372, the total population potentially impacted by this decision is projected at 223,082.
- Annually, two percent of the total FC caseload is projected to have had an overpayment assessed and collected, representing overpayment cases at ten percent of the total potential population.
- Utilizing a 100 percent claim return ratio, potentially 22,308 claimants would seek reimbursement.
- The assumption that 85 percent of the projected overpayments attributable to FFH providers would be reimbursed to claimants is based on the percentage of projected overpayments established to overpayments collected from FY 1992-93 through FY 1994-95.
- At $85.13 per case, processing costs assume that potential claimants are mailed informing notices and application forms to utilize in requesting a reimbursement.

METHODOLOGY:

- *Item 101* – The potential reimbursement amount assumes that 85 percent of the overpayments attributable to FFH providers would be reimbursed to claimants, based on the percentage of projected overpayments established to overpayments collected in FYs 1992-93 through 1994-95.
- *Item 141* – Administrative costs to process overpayment claims are the product of the estimated number of claimants and the processing cost per case plus associated mailing costs.

Court Cases - Bass v. Anderson

FUNDING:

Normally, funding is provided under Title IV-E of the Social Security Act for those cases meeting federal eligibility criteria and with state and county funds for those in the nonfederal program. However, overpayments are assessed and collected due to ineligibility for federal Foster Care Program benefits; therefore, there is no federal financial participation. Consequently, costs are shared 40 percent state and 60 percent county.

CHANGE FROM PRIOR SUBVENTION:

Funding for this premise is being shifted from the current year to the budget year due to continuing negotiations with the plaintiffs concerning the process of implementing the court order.

REASON FOR YEAR-TO-YEAR CHANGE:

All reimbursements are expected to occur within the budget year.

EXPENDITURES:

(in 000's)	1997-98		1998-99	
	Grant	County Admin.	Grant	County Admin.
Total	$0	$0	$16,930	$1,959
Federal	0	0	0	0
State	0	0	6,772	1,371
County	0	0	10,158	588
Reimbursements	0	0	0	0

Foster Parent Rate Increase (AB 1391)

DESCRIPTION:

Foster family homes (FFHs) are those homes approved or licensed by either state or county community care licensing agencies that provide 24-hour care and supervision in a family environment for a maximum of six children. Reimbursement rates to FFH providers are based on the age of the child, ranging from $345 to $484 per month for each child placed in either a licensed or approved family home.

Under current law, specialized care increments are provided as an augmentation to the age-appropriate FFH grant for the purpose of meeting the additional care and supervision requirements of the special-needs child. Clothing allowances are authorized to assist the provider in meeting the unique clothing needs of the child(ren) in their care. Children residing in a FFH are eligible for these benefits based upon an assessment of the social worker.

Chapter 944, Statutes of 1997 (AB 1391) provides for a six-percent increase to the existing rate schedule for those children placed in a licensed or approved family home, with a capacity of six or less, or in an approved home of a relative or unrelated legal guardian.

In addition, this premise also includes an increase to the rate schedule based on the projected California Necessities Index (CNI).

IMPLEMENTATION DATE:

Effective July 1, 1998.

KEY DATA/ASSUMPTIONS:

- FFH caseload growth from Fiscal Year (FY) 1996-97 to 1997-98 is projected at 9.5 percent, while caseload growth from FY 1997-98 to 1998-99 is projected at 9.2 percent.
- Excluding foster family agency (FFA) placements, federal cases comprise 83 percent of the total FFH population.
- According to Department of Finance projections, the CNI for FY 1998-99 is 2.84 percent.
- This rate augmentation, per statute, is not considered in the formula for determining reimbursement rates to certified family homes of FFAs.
- The increase to FFH rates will result in an increase to Adoption Assistance Program (AAP) costs, as AAP rates are negotiated based on the Foster Care Program FFH rates.

METHODOLOGY:

- Caseload growth projections from FY 1996-97 to 1997-98 and FY 1997-98 to 1998-99, respectively, are applied to FFH total cost data for FY 1996-97, excluding reported costs for children placed in certified homes of FFAs.
- To estimate the cost of implementing the rate increase, projected FY 1998-99 FFH expenditures, including specialized care and clothing allowance costs, are increased by six percent. The difference between projected FFH costs before and after the application of the rate increase reflects the impact of the rate increase on basic FFH costs.

Foster Parent Rate Increase (AB 1391)

- The CNI projection is applied to projected FY 1998-99 FFH expenditures after the application of the six-percent rate adjustment.

FUNDING:

Federal funding is provided by Title IV-E of the Social Security Act for those cases meeting eligibility criteria. The amount of federal financial participation is based on the Federal Medical Assistance Percentage of 51.23 percent, which increases to 51.55 percent effective October 1, 1998. Nonfederal costs are funded 40 percent state and 60 percent county.

CHANGE FROM PRIOR SUBVENTION:

The estimate applies the six percent rate increase to basic, specialized care, and clothing allowance costs. The estimate also reflects the revised CNI rate for FY 1998-99 from 3.2 to 2.84 percent.

REASON FOR YEAR-TO-YEAR CHANGE:

This premise does not become effective until July 1, 1998.

EXPENDITURES:

(in 000's)

FOSTER PARENT RATE INCREASE	1997-98 Grant	1998-99 Grant
Total	$0	$21,532
Federal	0	9,198
State	0	4,933
County	0	7,401
Reimbursements	0	0

AAP IMPACT	1997-98 Grant	1998-99 Grant
Total	$0	$14,767
Federal	0	5,968
State	0	6,599
County	0	2,200
Reimbursements	0	0

Group Home Audit Rate Reductions

DESCRIPTION:

The Foster Care Program provides out-of-home care on behalf of children removed from the physical custody of a parent or guardian. One placement option is a group home which is a private, nonprofit, nondetention facility.

Foster Care Program requirements include periodic programmatic and fiscal reviews of group home facilities. Should an audit identify that a provider did not render services at the budgeted level, the Department establishes an overpayment and reduces the rate to one corresponding to the actual level of services the group home can reasonably be expected to provide.

IMPLEMENTATION DATE:

This premise implemented on October 13, 1993, the day SB 415 (Chapter 950, Statutes of 1993) was enacted.

KEY DATA/ASSUMPTIONS:

- Audit staff expect to complete 40 audits annually, based upon Fiscal Year (FY) 1996-97 experience.
- Actual audit experience indicates that, of the projected 40 audits conducted, approximately 13 programs will fail the final audit, resulting in a rate reduction.
- Audit findings reveal an average rate differential of $1,065, an average actual occupancy of 6.24 children, and a reduced rate in effect for approximately six months.

METHODOLOGY:

Rate reduction savings are a product of the expected audit failures, the rate differential between the claimed and actual audited payment, the average occupancy and the number of months impacted.

Projected audit savings are then categorized as either federal or nonfederal based on the total group home caseload ratio of 79 percent federal, 21 percent nonfederal.

FUNDING:

Federal funding is provided by Title IV-E of the Social Security Act for those cases meeting eligibility criteria. The amount of federal financial participation is based on the Federal Medical Assistance Percentage (FMAP), which increased from 50.23 to 51.23 percent as of October 1, 1997, and increases to 51.55 percent on October 1, 1998. Funding for the nonfederal share of federal program costs is prescribed in statute at 40 percent state and 60 percent county.

Nonfederal program costs are funded 40 percent state and 60 percent county.

Group Home Audit Rate Reductions

CHANGE FROM PRIOR SUBVENTION:

This premise was updated to reflect an increase in federally eligible costs and the FMAP adjustment.

REASON FOR YEAR-TO-YEAR CHANGE:

The FY 1998-99 estimate reflects the increase in the FMAP adjustment to 51.55 percent effective October 1, 1998.

EXPENDITURES:

(in 000's)

	1997-98 Grant	1998-99 Grant
Total	-$500	-$500
Federal	-201	-203
State	-120	-119
County	-179	-178
Reimbursements	0	0

Group Home Affiliated Leases (AB 2985)

DESCRIPTION:

Under current federal law, affiliated leases are not considered an allowable cost for federal financial participation (FFP), unless the Department can certify that the lease does not exceed fair market value.

AB 2985 (Chapter 1015, Statutes of 1996) provides that affiliated leases be deemed allowable shelter care costs, but subject to a reasonableness test to be conducted by the Department of Justice (DOJ) Charitable Trust Section.

Under this process, the DOJ will review the shelter care costs from group home providers with affiliated leases, and provide determinations that the group home complies with the provisions of nonprofit corporate law. Approval letters from DOJ will be forwarded to each provider, and included with the rate application packages submitted to CDSS. As a result of this review process, CDSS would be able to claim additional FFP, resulting in savings at the state and local level.

IMPLEMENTATION DATE:

This premise will become effective July 1, 1998.

KEY DATA/ASSUMPTIONS:

- According to Foster Care Program data, there are 267 group home programs that claim costs associated with affiliated lease (or leaseback) arrangements.
- This premise assumes that current leaseback costs are equivalent to fair market costs for conventional lease/purchase agreements.

METHODOLOGY:

Since costs associated with affiliated leases are not considered eligible for FFP, these costs are currently shared 40 percent state and 60 percent county.

This premise instead calculates the costs with FFP, with the difference between the current and revised funding systems reflecting the impact of this statutory change.

FUNDING:

Federal funding is provided by Title IV-E of the Social Security Act for those cases meeting eligibility criteria. The amount of federal financial participation is based on the Federal Medical Assistance Percentage (FMAP), which increased from 50.23 to 51.23 percent as of October 1, 1997, and increases to 51.55 percent on October 1, 1998. Funding for the nonfederal share of federal program costs is prescribed in statute at 40 percent state and 60 percent county.

Nonfederal costs are funded 40 percent state and 60 percent county.

CHANGE FROM PRIOR SUBVENTION:

There is no change.

Group Home Affiliated Leases (AB 2985)

REASON FOR YEAR-TO-YEAR CHANGE:

This premise does not take effect until July 1, 1998.

EXPENDITURES:

(in 000's)	1997-98	1998-99
	Grant	Grant
Total	$0	$0
Federal	0	4,902
State	0	-1,961
County	0	-2,941
Reimbursements	0	0

Santa Clara Pilot (AB 2297)

DESCRIPTION:

Pursuant to AB 2297 (Chapter 274, Statutes of 1996), the Santa Clara County Wrap-Around Services Pilot Project utilizes Foster Care Program funds, on a demonstration basis, for the provision of intensive wrap-around services to eligible children and their families. Wrap-around services build upon the strengths of each child and family, and are individually tailored to address their unique and changing needs.

This premise expands Uplifting Partners to Link and Invest in Families of Today (Program UPLIFT) in Santa Clara County. Program UPLIFT utilizes board and care funds to provide intensive child-tailored services in less restrictive settings as an alternative to group home care.

IMPLEMENTATION DATE:

This premise implemented on July 25, 1996.

KEY DATA/ASSUMPTIONS:

- Annual program participation is limited to a maximum of 125 child welfare cases.
- As established in statute, the $4,719 monthly reimbursement rate for program participants is the average of group home rates for children in facilities with rate classification levels 12 through 14.

METHODOLOGY:

Pilot project costs are the product of casemonths and the reimbursement rate.

FUNDING:

Nonfederal program costs are funded 40 percent state and 60 percent county.

CHANGE FROM PRIOR SUBVENTION:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

There is no change.

CASELOAD:

	1997-98	1998-99
Average Monthly Caseload	125	125

Santa Clara Pilot (AB 2297)

EXPENDITURES:

(in 000's)	1997-98 Grant	1998-99 Grant
Total	$7,078	$7,078
Federal	0	0
State	2,831	2,831
County	4,247	4,247
Reimbursements	0	0

Emergency Assistance Program

DESCRIPTION:

The Emergency Assistance (EA) Program provided federal funding for benefits and services granted to children and families in emergency situations. Eligibility is restricted to once in a 12-month period.

Phase I provided funding for nonfederal foster care (FC) for wards and county juvenile assessment and residential treatment facilities. Phase II consisted of nonfederal foster care for dependents and voluntary placements. The Child Welfare Services EA premise discusses additional program components.

Federal Action Transmittal ACF-AT-95-9 prohibited the use of EA funds for children removed due to delinquent behavior as of January 1, 1996, eliminating the probation component. However, the implementation of the Temporary Assistance for Needy Families (TANF) block grant allows for the provision of funds for the children in county juvenile assessment and residential treatment facilities. Public Law 104-193 created the TANF block grant and eliminated EA funding. However, the Budget Act of 1997 replaced the TANF funding in EA with General Fund.

IMPLEMENTATION DATE:

Phase I became effective July 1, 1993; Phase II became effective September 1, 1993.

KEY DATA/ASSUMPTIONS:

- Actual expenditure and caseload data for the last six months, July through December 1997, provide the basis for the average monthly caseload projection of 2,295 and the projected $1,337.66 average grant.
- EA foster care welfare cases are adjusted based on foster family home caseload growth (9.2 percent).
- The 2.32 percent cost-of-doing business (CODB) factor is applied to EA foster care administrative costs.

METHODOLOGY:

- *Item 101* - EA foster care costs are the product of projected casemonths and the computed average grant.
- *Item 141* - Costs for administrative activities performed by county welfare department staff are based upon Fiscal Year (FY) 1996-97 expenditures, adjusted for the caseload growth and CODB factors.

FUNDING:

EA funding, although eliminated by Public Law 104-193, was used in the TANF block grant calculation and is, therefore, part of the TANF funding schedule. However, the Budget Act of 1997 replaced TANF funds with General Fund for the FC welfare component. AB 67 (Chapter 606, Statutes of 1997) stipulates that the amount of funds appropriated that equates to the amount claimed under EA that has been included in the state's TANF block grant shall be considered federal funds for the purpose of calculating a county' s share of costs. Thus, this component is shared 85 percent state, 15 percent county.

Emergency Assistance Program

CHANGE FROM PRIOR SUBVENTION:

This premise reflects the most recent data available, including updated caseload and average grant projections for the foster care welfare component.

REASON FOR YEAR-TO-YEAR CHANGE:

The FY 1998-99 estimate reflects adjustments for caseload growth.

CASELOAD:

FOSTER CARE	1997-98	1998-99
Average Monthly Caseload	2,295	2,472

EXPENDITURES:

(in 000's)

FOSTER CARE WELFARE	1997-98		1998-99	
	Grant	County Admin.	Grant	County Admin.
Total	$36,949	$3,031	$39,543	$3,271
Federal	0	0	0	0
State	25,745	2,576	27,438	2,780
County	11,204	455	12,105	491
Reimbursements	0	0	0	0

Child Support Program - Basic Collections

DESCRIPTION:

Basic collections represent the ongoing efforts of the district attorneys and family support units to collect child support payments from responsible, noncustodial parents. Besides caseload, significant factors that affect basic collections include minimum award, wage assignments, and intercepts. Although the district attorneys collect child support payments for the Temporary Assistance for Needy Families (TANF) Program one-parent/two-parent, foster care (FC), and non-TANF cases, this item reflects only the TANF/FC collections that result in recoupment of costs.

METHODOLOGY:

Actual TANF/FC distributed collections and the disregards are reported monthly on the CS-800, Summary Report of Child and Spousal Support Payments. The disregard is estimated separately. (See the $50 State Disregard Payment to Families Premise.)

In prior subventions the distributed collections data for Los Angeles County were separated from the remaining 57 counties. This was due to the Improved Los Angeles County Performance Project, the county's Automated Replacement System (ARS), and an excessive backlog of distributed collections. Subsequently, the project has been completed, the ARS has been implemented, and the backlog has been cleared; therefore, Los Angeles County no longer needs to be tracked separately.

The distributed collections fluctuate from month to month; therefore, an 18-month centered moving average was developed for all 58 counties combined based on actuals reported from July 1994 through December 1997. Then a linear regression based on the 18-month centered moving average for the period from February 1996 through July 1997 was developed and adjusted for seasonality to develop the Fiscal Years (FYs) 1997-98 and 1998-99 estimates. July 1997 through December 1997 estimated collections were replaced by the six months of actual collections for the same time period.

This produced an annual estimated growth rate of 10.8 percent for FY 1997-98 over FY 1996-97 actual collections. The FY 1998-99 estimated collections are 6.7 percent over the 1997-98 estimate.

FUNDING:

Collections made on behalf of non-TANF families are forwarded directly to custodial parents. Collections for TANF families, less the $50 disregard payment to families, are retained and serve as abatements to the cost of cash grant payments. The TANF/FC collections are shared based on the Federal Medical Assistance Percentage (FMAP) and the nonfederal sharing ratios. These ratio are reflected as follows:

<u>TANF</u>:

	July 1997 – Sept. 1997	Oct. 1997-Sept. 1998	Oct. 1998-June 1999
Federal	50.23%	51.23%	51.55%
State	47.29%	46.33%	46.03%
County	2.48%	2.44%	2.42%

Child Support Program - Basic Collections

TANF Nonfederal:

Federal	0%
State	95%
County	5%

FC:

	July 1997 – Sept. 1997	Oct. 1997-Sept. 1998	Oct. 1998-June 1999
Federal	50.23%	51.23%	51.55%
State	19.91%	19.51%	19.38%
County	29.86%	29.26%	29.07%

FC Nonfederal:

Federal	0%
State	40%
County	60%

CHANGE FROM PRIOR SUBVENTION:

Los Angeles County distributed collections data are no longer separated from the remaining 57 counties. The estimate was updated for the most recent actual TANF/FC distributed collections and disregard data from the CS-800, Summary Report of Child and Spousal Support Payments. The sharing ratios were updated to reflect the FMAP and were used to share the collections amount rather than using prior year actuals. An adjustment was made to reflect the TANF and Foster Care nonfederal sharing ratios.

REASON FOR YEAR-TO-YEAR CHANGE:

The FY 1998-99 increase is due to an increase in actual collections and the increase in the FMAP rate.

EXPENDITURES:

(in 000's)

	1997-98 Grant	1998-99 Grant
Total	-$549,935	-$585,933
Federal	-230,592	-248,776
State	-296,578	-312,381
County	-22,765	-24,776
Reimbursements	0	0

$50 State Disregard Payment to Families

DESCRIPTION:

In addition to the regular aid grant, custodial parents also receive the first $50 of the current month's child support payment collected from the absent parent. Forwarding the disregard portion of the collection to the family instead of retaining it to abate government's cost of the aid grant results in cost increases (lost collection revenues). The federal government discontinued federal financial participation, as of October 1, 1996, under the provision of Public Law 104-193, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996. However, the State will continue forwarding the $50 disregard to the custodial parent.

METHODOLOGY:

The cost of the current $50 disregard is reported monthly on the CS-800, Summary Report of Child and Spousal Support Payments. The disregard is paid when the child support collection is distributed, i.e., when the collection is abated to the aid cash grant.

In prior subventions the $50 disregard data for Los Angeles County was separated from the remaining 57 counties. This was due to the Improved Los Angeles County Performance Project, the county's Automated Replacement System (ARS), and an excessive backlog of distributed collections. Subsequently, the project has been completed, the ARS has been implemented, and the backlog has been cleared; therefore, Los Angeles County no longer needs to be tracked separately.

The disregard fluctuates from month to month; therefore, an 18-month centered moving average was developed based on actuals reported from July 1994 through December 1997. Then a linear regression based on the 18-month centered moving average for the period from February 1996 through July 1997 was developed and adjusted for seasonality to develop the Fiscal Years (FYs) 1997-98 and 1998-99 estimates. July 1997 through December 1997 estimated $50 disregard payments were replaced by the six months of actual $50 disregard payments for the same time period.

This produced an annual estimated negative growth rate of 0.5 percent for FY 1997-98 under FY 1996-97 actual disregard payments. The FY 1998-99 disregard payments are 4.1 percent over the 1997-98 estimate.

FUNDING:

The costs associated with the $50 disregard are 100 percent General Funds.

CHANGE FROM PRIOR SUBVENTION:

Los Angeles County disregard payments data are no longer separated from the remaining 57 counties. The estimate was updated for the most recent actual disregard payments from the CS-800, Summary Report of Child and Spousal Support Payments.

$50 State Disregard Payment to Families

REASON FOR YEAR-TO-YEAR CHANGE:

The FY 1998-99 increase is due to a projected increase in actual payments.

EXPENDITURES:

(in 000's)

	1997-98 Grant	1998-99 Grant
Total	$39,755	$41,401
Federal	0	0
State	39,755	41,401
County	0	0
Reimbursements	0	0

Arrearage Distribution Changes

DESCRIPTION:

This premise recognizes the federally mandated distribution changes for pre-assistance and for post-assistance arrearages, which results in reduced collections to the State.

Public Law (P.L.) 104-193, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, authorized the distribution changes for post-assistance arrearages to be paid to the custodial parent (CP) prior to assignment to the State to offset grant payments. Exception is made for payments collected through the Internal Revenue Services (IRS) tax intercept.

P.L. 105-33 allowed states the option to implement the distribution change for the pre-assistance arrearages on October 1, 1998, rather than October 1, 2000, as required under P.L. 104-193. Assembly Bill 1542 (Chapter 270, Statutes of 1997) mandates that when a CP goes on aid on or after October 1, 1998, pre-assistance arrearages will be temporarily assigned to the State as long as the CP is receiving assistance. When the CP no longer receives assistance, any payments made towards the pre-assistance arrearages go to the CP. In the situation where the CP is off aid, and there is still an existing amount of aid that was paid but has not been recovered, the pre-assistance arrearages are conditionally assigned to the State to offset previous grant payments only if collections are made through an IRS tax intercept.

IMPLEMENTATION DATE:

This premise will be implemented on October 1, 1998.

KEY DATA/ASSUMPTIONS:

- Based on the May 1998 Subvention, the State Fiscal Year (SFY) 1998-99 estimated basic distributed collections are $544,532,000.
- Based on the monthly child support intercept collections comparison provided by the Child Support Program, the SFY 1996-97 IRS intercept collections were $104,455,000.
- Arrearage collections represent 54.3 percent of total collections based on the Federal Fiscal Year 1996 OCSE 158, Child Support Enforcement Program Annual Data Summary Report.
- Pre-assistance arrearage collections represent 33.8 percent of total arrearage collections. This is based on the June 1996 Child Support Enforcement Program Characteristics Survey, Table 14-Total Child Support Owed-Average Amounts of Child Support Owed.
- Applicant cases represent 1.7 percent of FY 1998-99 statewide Temporary Assistance for Needy Families (TANF) Program projected caseload based on data derived from the CA 237 report for the November 1997 Subvention. The CA 237 report provides monthly data on the applications approved, denied, and withdrawn.
- Applicant cases that receive aid after October 1, 1998, represent 75 percent of the FY 1998-99 statewide applicant TANF projected caseload. This is a result of the sum of approved applicants from October 1998 through June 1999 (134,016) divided by the full year projection (178,617).
- Intake cases that receive aid after October 1, 1998, but discontinue receiving aid by the end of the fiscal year represent 19 percent, which is based on the TANF longitudinal database monthly attrition ratio.

Arrearage Distribution Changes

- Post-assistance arrearage child support collections represent 14.8 percent of total arrearage collections. The amount of post-assistance arrearages was estimated based on findings from a study conducted by the State of Massachusetts, as well as data on arrearage collections and tax intercepts contained in the June 1996 Child Support Characteristics Survey. This estimated amount of post-assistance arrearages collected was divided by the total amount of arrearages collected.

METHODOLOGY:

The IRS intercept collections of $104,455,000 were subtracted from the estimated basic distributed collections of $544,532,000 resulting in a net collection amount of $440,077,000. The total arrearages collection percentage of 54.3 percent was then applied to the net collections resulting in a total arrearages collection amount of $238,962,000. The pre-assistance arrearages collection percentage of 33.8 percent was applied to the total arrearages amount resulting in an amount of $80,769,000 for pre-assistance arrearage collections. The intake rate of 1.7 percent was applied to the pre-assistance arrearages to determine the amount of arrearages that are a result from intake cases ($1,373,000). This amount was multiplied by 75.0 percent to determine those intake arrearages that occurred after October 1, 1998, ($1,030,000). Then 19.0 percent was applied to the number to identify the amount of arrearages that are attributable to those who go off aid ($196,000) by the end of the fiscal year.

The post-assistance arrearages collection percentage of 14.8 percent was applied to the total arrearages amount ($238,962,000) resulting in an amount of $35,366,000 for post-assistance arrearage collections. This amount was multiplied by 75.0 percent to determine nine months of cost ($26,525,000).

The pre-assistance and the post-assistance arrearages were combined for the total amount of arrearage collections ($26,720,000).

FUNDING:

The TANF/foster care (FC) collections are shared based on the Federal Medical Assistance Percentage (FMAP). These ratios are reflected as follows:

<u>TANF</u>:

	July 1997 – Sept. 1997	Oct. 1997-Sept. 1998	Oct. 1998-June 1999
Federal	50.23%	51.23%	51.55%
State	47.29%	46.33%	46.03%
County	2.48%	2.44%	2.42%

<u>FC</u>:

	July 1997 – Sept. 1997	Oct. 1997-Sept. 1998	Oct. 1998-June 1999
Federal	50.23%	51.23%	51.55%
State	19.91%	19.51%	19.38%
County	29.86%	29.26%	29.07%

Arrearage Distribution Changes

CHANGE FROM PRIOR SUBVENTION:

This premise has been revised to reflect the amount of pre-assistance arrearages that would be distributed to CPs that go on aid after October 1, 1998, and off aid prior to June 30, 1999. The projected FY 1998-99 basic collections were updated based on the most recent actuals and the sharing ratios were updated to reflect the FMAP rates. These ratios were used to share the collection amount rather than using prior year actuals.

REASON FOR YEAR-TO-YEAR CHANGE:

FY 1998-99 is the first-year estimate.

EXPENDITURES:

(in 000's)

	1997-98 Grant	1998-99 Grant
Total	$0	$26,720
Federal	0	13,753
State	0	11,983
County	0	984
Reimbursements	0	0

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Foster Parent Training Fund

DESCRIPTION:

This premise reflects the transfer to the Foster Parent Training Fund the net state share of funds from foster care collections that is above the base level of $3,750,000, according to Welfare and Institutions Code section 903. The community colleges, in consultation with the California State Foster Parents Association and the Department, conduct the foster parent training programs. Training consists of teaching foster parents subjects including sibling rivalry, reuniting foster children with their parents, foster care regulations and child growth and development.

IMPLEMENTATION DATE:

This premise was implemented on July 1, 1981.

KEY DATA/ASSUMPTIONS:

- The foster care (FC) estimated state share of collections is $8,405,000 for Fiscal Year (FY) 1997-98 and $9,922,000 for FY 1998-99.
- The FC estimated state share of incentives is $2,254,000 for FY 1997-98 and $2,731,000 for FY 1998-99.
- The FC state share of collection base level cannot exceed $3,750,000 each year.

METHODOLOGY:

The Foster Parent Training Fund estimate is the difference between the net state share of the estimated FC collections and the base level of the FC estimated state share of total collections. The total estimated state share of FC collections, which is $8,405,000 for FY 1997-98 and $9,922,000 for FY 1998-99, is the sum of the State's share of basic distributed collections and the State's share of all of the child support collections premises. The net state shares of FC collections, which are $6,151,000 for FY 1997-98 and $7,191,000 for FY 1998-99, are the result of deducting the estimated state shares of FC incentives, which are $2,254,000 for FY 1997-98 and $2,731,000 for FY 1998-99, from the State's estimated shares of total FC collections. The state FC base level of $3,750,000 is then subtracted from the net state share of FC collections to identify the amounts to transfer to the Foster Parent Training Fund, which are $2,401,000 for FY 1997-98 and $3,441,000 for FY 1998-99.

FUNDING:

The actual transfer from child support foster care collections to the Foster Parent Training Fund is 100 percent General Fund.

CHANGE FROM PRIOR SUBVENTION:

This estimate was updated for the most recent estimated foster care collections and incentives.

Foster Parent Training Fund

REASON FOR YEAR-TO-YEAR CHANGE:

The FY 1998-99 increase is due to the projected increase in FC collections and incentives.

EXPENDITURES:

(in 000's)

	1997-98 Grant	1998-99 Grant
Total	$2,401	$3,441
Federal	0	0
State	2,401	3,441
County	0	0
Reimbursements	0	0

State Investment in Local Child Support Program - County Projects

DESCRIPTION:

This premise is to fund the administrative costs and identify the increased collections associated with counties who implement new projects or enhance existing child support collections processes.

As authorized under Chapter 851, Statutes of 1992, the Budget Act provides appropriation authority as needed for the investment of up to $20 million from the General Fund for county-operated child support activities. These special projects stimulate growth in funds collected. For this premise, to the extent that counties implement new or enhanced processes that directly result in increased child support collections, matching federal funds are also available.

There are two options of investment available to counties. The loan method, supported by only state and federal funds, requires that the amount of increased Temporary Assistance for Needy Families (TANF) Program collections generated be greater than the projected funds invested by the State. Collection shortages will be reimbursed by counties through reduction of their incentive payments. The second method requires the county to match state dollars invested at the rate of $.50 for every state dollar; however, no repayment is mandated if collection amounts do not reach anticipated levels.

IMPLEMENTATION DATE:

This premise was implemented on December 1, 1992.

METHODOLOGY:

Fiscal Year (FY) 1997-98 administration costs are based on approved county project requests for four counties under the loan method and match method. These project costs are scheduled in the county administration section of this premise. The FY 1998-99 administrative costs are kept at the level as it was estimated in the November subvention until the proposal process is completed.

FY 1997-98 collections are based on approved county project requests for four counties. Each county estimates its annual baseline collection level without state investment funds. The county then estimates a second, enhanced collection level, which is due to state investment funds. The difference between the baseline and enhanced collection levels is the estimated total collections that are attributable to federal, state and county project funds invested. The total investment will produce additional TANF and non-TANF collections, as estimated by the participating counties. The projected TANF collection increase is scheduled according to federal, state and county sharing ratios in the grant section of this premise. The FY 1998-99 collection level is kept at the level as it was estimated in the November subvention until the proposal process is completed.

FUNDING:

For the county administration section of this premise, projects funded by the loan method are shared on a 66 percent federal and 34 percent state ratio. Projects funded by the match method are currently shared 66 percent federal, 22.7 percent state, and 11.3 percent county.

State Investment in Local Child Support Program – County Projects

The estimated collections are shared using the following Federal Medical Assistance Percentages (FMAP):

TANF:	July 1997 – Sept. 1997	Oct. 1997-Sept. 1998	Oct. 1998-June 1999
Federal	50.23%	51.23%	51.55%
State	47.29%	46.33%	46.03%
County	2.48%	2.44%	2.42%

FC:	July 1997 – Sept. 1997	Oct. 1997-Sept. 1998	Oct. 1998-June 1999
Federal	50.23%	51.23%	51.55%
State	19.91%	19.51%	19.38%
County	29.86%	29.26%	29.07%

CHANGE FROM PRIOR SUBVENTION:

FY 1997-98 administrative costs and collections were revised based on final approved county requests. FY 1998-99 administrative and collections levels were held at the same level as estimated in November. The sharing ratios were updated to reflect the FMAP which were used to share the collections amount rather than using prior year actuals.

REASON FOR YEAR-TO-YEAR CHANGE:

FY 1998-99 administrative costs and collections were held at the same level as estimated in November while the FY 1997-98 administrative and collections estimates were based on final approved county requests.

EXPENDITURES:

(in 000's)

	1997-98		1998-99	
	Grant	County Admin.	Grant	County Admin.
Total	-$1,421	$918	-$6,960	$5,380
Federal	-724	606	-3,582	3,403
State	-644	305	-3,121	1,839
County	-53	7	-257	138
Reimbursements	0	0	0	0

State Investment in Child Support Program - Court System

DESCRIPTION:

The Commissioner Court System was established to improve the child support and paternity establishment case processing.

This was a result of the Governor's Child Support Task Force's recommendation to establish a commissioner-based court system dedicated to the establishment of paternity and support orders and the enactment of AB 1058 (Chapter 957, Statutes of 1996). This new system will also include streamlined procedures, dedicated support staff, automation, and better information and guidance for parents through the process. The Department is developing a plan of cooperation with the Judicial Council, the constitutionally authorized oversight agency for the courts. The Judicial Council will require additional staffing to facilitate the hiring, training, and ongoing administration of the commissioners and court staff.

IMPLEMENTATION DATE:

The legislation is effective January 1, 1997; however, the commissioners were not required to be in place until July 1, 1997. The positions for the Judicial Council were established July 1, 1996, as part of the Budget Trailer Bill.

KEY DATA/ASSUMPTIONS:

- Based on a county district attorney child support workload survey conducted in 1994, approximately 50 commissioners (full-time equivalents) are needed statewide to meet projected caseload growth, current backlog and new federal requirements. Some larger counties would need more than one commissioner, and some small counties would share a commissioner or have a part-time one. In addition, AB 1058 included language that required the Judicial Council to develop caseload standards by April 1, 1997. These standards are to be used to determine the appropriate number and distribution of commissioners statewide.
- The average annual cost per commissioner, including support staff, overhead, training, travel, and equipment, is $600,000, or a total cost of $30,000,000.
- One information and assistance center would be needed in each county, and the average annual cost to staff and equip the center would be $150,000, or a total cost of $8,700,000. This assumes that some staffing could be provided by volunteers, which would defray cost.
- A program improvement growth rate of ten percent is assumed as a result of the district attorneys generating more actions.
- The number of support orders established in Fiscal Year (FY) 1997-98 is estimated at 217,439. This is based on FY 1996-97 actuals of 197,672 from the Child Support Management Information System (CSMIS) annual report, Table 5-Establishment of Support Orders/Total, multiplied by the program improvement growth rate of ten percent for FY 1997-98.
- The number of support orders established in FY 1998-99 is estimated at 217,439. This is based on FY 1997-98 estimated support orders multiplied by the program improvement growth rate.

State Investment in Child Support Program - Court System

- Program efficiencies resulting from the new court system and information centers will enable counties to increase the number of support orders they can establish by 33 percent.
- It is estimated that 59.3 percent of all new orders will be Temporary Assistance for Needy Families (TANF) Program cases.
- The average monthly TANF child support collection is $235.
- Based on the June 1996 Characteristic Survey, Table 16-Payment Pattern, the frequency of child support payments is 14.9 percent pay every month (100 percent), 16.1 percent pay 6 to 12 times per year (75 percent on average), and 7.1 percent pay 0 to 6 times per year (25 percent on average). (The balance, 61.9 percent, never pays or is medically needy only cases.)
- Based on the OCSE 34, Quarterly Report of Collections, the FY 1996-97 TANF distribution ratio is 98.11 percent, and the payments-to-families ratio is 6.85 percent.
- The annual cost for the Judicial Council, $472,000, includes staff, overhead, training, travel, equipment and indirect cost. The Judicial Council will require three senior attorney IV positions, one court management analyst, and one judicial secretary II to implement this program. These positions were established July 1, 1996, through the Budget Act Trailer Bill.

METHODOLOGY:

For FYs 1997-98 and 1998-99, county administration costs were calculated by multiplying the total number of commissioners (50) by the average annual cost per commissioner including support staff and operating expenses and equipment ($600,000). In addition, the total number of information centers (58) was multiplied by the average annual cost per center of $150,000. These two costs totaled $38,700,000.

Staffing costs for the Judicial Council are estimated at $472,000, based on funding five full positions and their administrative overhead and support costs for a full fiscal year.

Due to the late phase-in of commissioners and information centers, savings are projected to begin October 1, 1997. To calculate FY 1997-98 grant savings, the estimated number of child support orders (217,439) at the start of the fiscal year was multiplied by 33 percent to determine the number of new orders (71,755) generated as a result of the court system. This figure was multiplied by 59.3 percent to determine the number of orders on TANF cases (42,551). The result was then divided by 12 to get the average number of new TANF orders per month. This figure was then multiplied by 45 to calculate the accumulative number of casemonths (159,565) of payments. The accumulative casemonths were then multiplied by the average monthly TANF child support collections ($235) resulting in a total amount of $37,498,000. The payment pattern was applied to the total amount, and then adjustments for the current distribution ratio of 98.11 percent and payments-to-families ratio at 6.85 percent were made. The net collections after these adjustments are $9,852,000.

State Investment in Child Support Program - Court System

To calculate FY 1998-99 grant savings, the estimated number of child support orders (239,183) at the start of the fiscal year was multiplied by 33 percent to determine the number of new orders (78,930) generated as a result of the court system. This figure was multiplied by 59.3 percent to determine the number of orders on TANF cases (46,806). The result was then divided by 12 to get the average number of new TANF orders per month. This figure was then multiplied by 78 to calculate the accumulative number of casemonths (304,237) of payments. The accumulative casemonths were then multiplied by the average monthly TANF child support collections ($235) resulting in an amount of $71,496,000. This amount was then added to the prior-year continued collection amount of $119,993,000, giving a total amount of $191,489,000. (The prior-year continued collection was based on TANF orders, 42,551, multiplied by twelve months, then multiplied by the average monthly support collected, $235). The payment pattern was applied to the total amount, and then adjustments for the current distribution ratio of 98.11 percent and payments-to-families ratio at 6.85 percent were made. The net collections after these adjustments are $50,313,000.

FUNDING:

All administrative costs will be eligible for federal Title IV-D funds which are funded 66 percent federal and 34 percent nonfederal. The counties usually provide the nonfederal match for child support administrative expenditures; however, the Department has selected to provide the match using State Investment Funds for FY 1997-98. The FY 1998-99 funding for the program, $39,172,000 ($25,854,000 federal funds and $13,318,000 General Fund) has been transferred to state operations.

The TANF/FC collections are shared based on the Federal Medical Assistance Percentage (FMAP). These ratios are reflected as follows:

TANF:

	July 1997 – Sept. 1997	Oct. 1997-Sept. 1998	Oct. 1998-June 1999
Federal	50.23%	51.23%	51.55%
State	47.29%	46.33%	46.03%
County	2.48%	2.44%	2.42%

FC:

	July 1997 – Sept. 1997	Oct. 1997-Sept. 1998	Oct. 1998-June 1999
Federal	50.23%	51.23%	51.55%
State	19.91%	19.51%	19.38%
County	29.86%	29.26%	29.07%

State Investment in Child Support Program - Court System

CHANGE FROM PRIOR SUBVENTION:

The number of support orders established was updated based on the most recent CSMIS annual report. The sharing ratios were updated to reflect the FMAP which were used to share the collections amount rather than using prior year actuals.

REASON FOR YEAR-TO-YEAR CHANGE:

The FY 1998-99 increase in collections is due to a full year of collections plus the impact of the prior year's collections. In FY 1998-99 the county administration cost was transferred to state operations.

EXPENDITURES:

(in 000's)

	1997-98		1998-99	
	Grant[1]	County Admin.[1]	Grant	County Admin.[1]
Total	-$9,852	$39,172	-$50,313	$0
Federal	-5,023	25,854	-25,896	0
State	-4,462	13,318	-22,563	0
County	-367	0	-1,854	0
Reimbursements	0	0	0	0

[1] Please see "Funding" section.

Child Support Program - SACSS Impact

DESCRIPTION:

This premise reflects the net impact on Temporary Assistance to Needy Families (TANF)/Foster Care (FC) collections for the 16 fully operational Statewide Automated Child Support System (SACSS) counties although the SACSS project has been terminated.

SB 2718 (Chapter 1313, Statutes of 1990) requires the Department to ensure that the SACSS is operational in all counties, except Los Angeles County. The Department has estimated the positive and negative impacts upon TANF/FC and non-TANF child support collections that are attributable to SACSS conversion and implementation activities.

IMPLEMENTATION DATE:

This premise was implemented on July 1, 1993.

KEY DATA/ASSUMPTIONS:

- There are 16 counties fully operational on SACSS (Alpine, Amador, Del Norte, Inyo, Lake, Mariposa, Mendocino, Modoc, Mono, Placer, Plumas, San Luis Obispo, Sierra, Siskiyou, Trinity, and Ventura).
- Collections resume to the projected statewide trend plus an increased growth rate of 1.24 percent for SACSS impact.
- The 16 counties represent 7.36 percent of the statewide collections.

METHODOLOGY:

The estimated increased collections are based on the 16 SACSS operational counties' percentage of statewide collections, adjusted by the statewide growth factor attributable to SACSS resulting in an increase of 9.13 percent. This percentage was then applied to the Fiscal Year (FY) 1997-98 average monthly year-over collection growth of $2,925,500, resulting in an annual projected amount of $3,204,676. This amount was adjusted by applying the current distribution ratio of 98.11 percent and subtracting payments to families at 6.85 percent. The net collections attributable to SACSS for the 16 counties are $2,924,000.

FUNDING:

The TANF/FC collections are shared based on the Federal Medical Assistance Percentage (FMAP):

TANF:

	July 1997 – Sept. 1997	Oct. 1997-Sept. 1998	Oct. 1998-June 1999
Federal	50.23%	51.23%	51.55%
State	47.29%	46.33%	46.03%
County	2.48%	2.44%	2.42%

Child Support Program - SACSS Impact

FC:

	July 1997 – Sept. 1997	Oct. 1997-Sept. 1998	Oct. 1998-June 1999
Federal	50.23%	51.23%	51.55%
State	19.91%	19.51%	19.38%
County	29.86%	29.26%	29.07%

No funds are estimated for FY 1998-99 due to the termination of the SACSS project.

CHANGE FROM PRIOR SUBVENTION:

The total amount remains the same, but there is a change in the distribution of cost. The sharing ratios were updated to reflect the FMAP which were used to share the collections amount rather than using prior year actuals.

REASON FOR YEAR-TO-YEAR CHANGE:

No funds are estimated for FY 1998-99 due to the termination of the SACSS project.

EXPENDITURES:

(in 000's)

	1997-98 Grant	1998-99 Grant
Total	-$2,924	$0
Federal	-1,490	0
State	-1,325	0
County	-109	0
Reimbursements	0	0